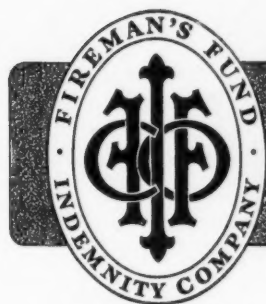


The National Underwriter

A WEEKLY NEWSPAPER OF INSURANCE

THURSDAY, MAY 26, 1932



PERMANENCE
and STABILITY

Fireman's Fund Indemnity Company has won a high place in the Casualty and Surety field, not only because as a member of the Fireman's Fund Group it carries a sixty-nine year old standard of strength, permanence and stability, but also because agents and brokers know it to be a soundly financed institution, managed by men who know the Casualty and Surety business thoroughly.

Fire • Automobile • Marine • Casualty • Fidelity • Surety

FIREMAN'S FUND GROUP
*Fireman's Fund Insurance Company
Home Fire & Marine Insurance Company
Occidental Insurance Company
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"The Oldest American Fire and Marine Insurance Company"

Founded 1792



Insurance Company of North America

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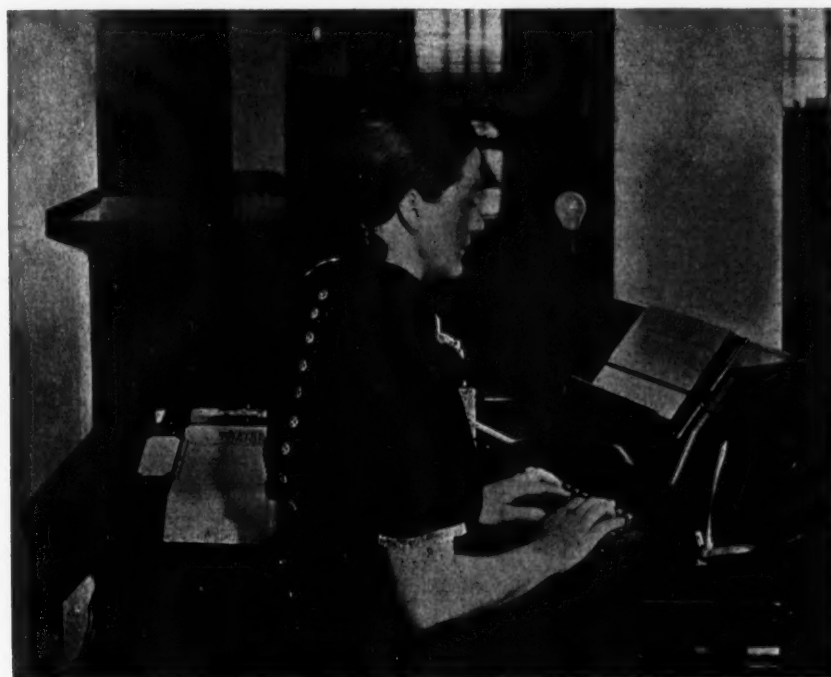
and its affiliated companies:

ALLIANCE CASUALTY COMPANY
THE ALLIANCE INSURANCE CO. OF PHILA.
CENTRAL FIRE INSURANCE COMPANY
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*write practically every form of
insurance except life*

North America facilities are now available in
the Philippines, Porto Rico, Mexico,
China and Great Britain

COMMUNICATION....



Modern business has greatly increased the importance of fast, dependable communication of messages that can be preserved. The latest telegraphic equipment keeps the Inter-Ocean in close touch with offices all over the United States, and reinsurance proposals receive prompt action through these facilities.

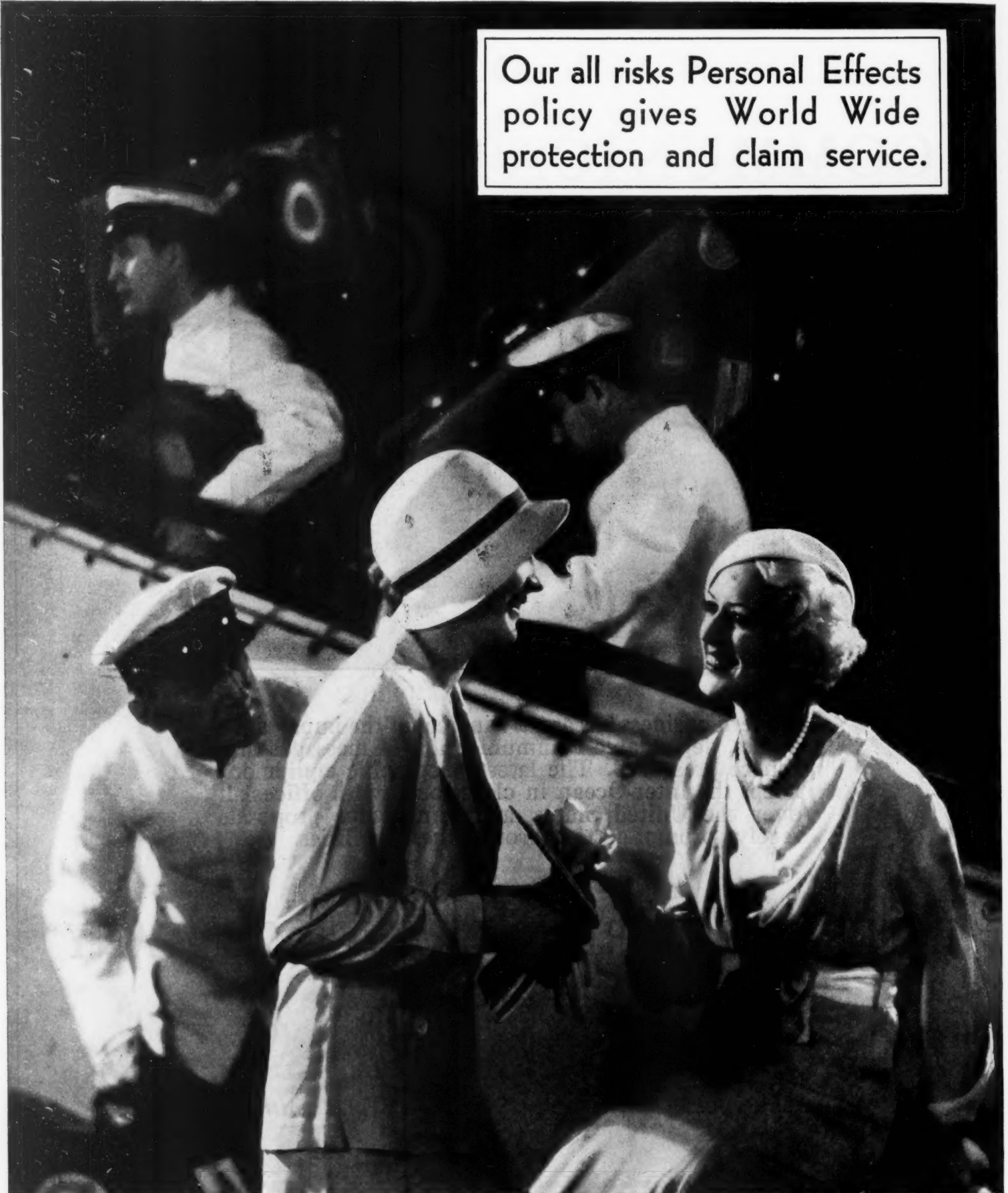
INTER-OCEAN REINSURANCE COMPANY CEDAR RAPIDS, IOWA

ROY E. CURRAY, *President*

KARL P. BLAISE, *Secretary*

J. L. CAMPBELL, *Asst. Secy.*

REINSURANCE ONLY—FIRE, TORNADO AND AUTOMOBILE



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AMERICAN EAGLE FIRE INSURANCE COMPANY FIRST AMERICAN FIRE INSURANCE COMPANY MARYLAND INSURANCE COMPANY OF DELAWARE

Eighty Maiden Lane,

THE FIDELITY AND CASUALTY COMPANY

New York, N.Y.

ERNEST STURM, Chairman of the Board
BERNARD M. CULVER, President
ERNEST STURM, Chairman of the Board
WADE FETZER, Vice Chairman
BERNARD M. CULVER, President

NEW YORK

CHICAGO

SAN FRANCISCO

ATLANTA

DALLAS

MONTREAL

The National Underwriter

Thirty-Sixth Year No. 21

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, MAY 26, 1932

\$4.00 Per Year, 20 Cents a Copy

Valuations Chief Cause of Concern

Company Officials Speculate on Formula to Be Considered by Commissioners

AMORTIZATION FAVORED

Would Be Great Aid to Companies in Preparing Semi-Annual Statements This Year

NEW YORK, May 25.—Pending adoption by the executive committee of the National Convention of Insurance Commissioners at the meeting in Chicago, June 22-24, of a formula for companies to use in determining security values to be presented in semi-annual statements, company officials naturally will continue somewhat concerned over the question. Until the matter is settled there will be considerable speculation over it, for the problem is of paramount concern to most executives.

Whether founded on anything tangible or not, the belief is gaining that in so far as bond holdings of fire and casualty companies are concerned, the commissioners will recommend they be figured on an amortization basis, just as life offices have been permitted to do for a number of years. Adoption of such policy would be of considerable aid to a number of offices, and of some assistance to virtually all.

Common Stock Question

With respect to the worth of preferred and common stocks, no one cares to hazard a guess as to how the state officials will look upon them. Whether the program adopted for reporting statements as of last Dec. 31, namely, taking values for five quarters and dividing by five to get an average, be followed, or, as has been offered, market figures as of the closing day of 1931 be used, is still a mystery.

A hint as to what the superintendent of this state has in mind may be gleaned from the following reference to the investments of companies other than life. Speaking before the annual gathering of the New York State Association of Local Agents at Syracuse, Tuesday evening, Mr. Van Schaick said in part:

Van Schaick's Statement

"The unearned premium reserve and loss reserve funds of fire, casualty and marine companies are in the nature of trust funds. They are set up for the benefit of policyholders who are entitled to the same protection in reference thereto as is afforded to the holders of life insurance policies. It is the firm conviction of the insurance department that a substantial percentage of the unearned and loss reserve funds should be restricted to the same type of securities now prescribed for all life insurance companies."

(CONTINUED ON PAGE 35)

Reduction in Capital and Its Real Significance

By JOHN F. WOHLGEMUTH
Secretary The National Underwriter

Agents in considerable number are asking about the reduction in capital made by insurance companies. As a good many other companies are likely to make such changes, in addition to those already announced, the reason for the move should be well understood.

A reduction in capital really strengthens a company, so far as policyholders are concerned, and does not weaken it so far as stockholders are concerned. It creates more "free surplus." Those who have been in the business a long time can remember a former period when a large number of companies went through a capital reduction period. Many at that time found it advisable to pay in new capital, as well as reducing the old.

Company Should Inspire Confidence

The essential for an insurance company is confidence of the public. A company with small capital that is absolutely sound is in a better position than one with a large capital about which there are doubts.

As far as policyholders are concerned, capital and surplus are all one. This is shown by the habit of combining capital and surplus and calling the total "surplus to policyholders." It means that every dollar above liabilities is available for the protection of policyholders, who are in addition protected by premium reserves, loss reserves, etc.

Gives Company Greater Freedom

Changing capital into surplus gives a company greater freedom. The law requires an insurance company to have sound assets sufficient to cover, first, its unpaid losses, then its unearned premiums, all its other obligations, such as taxes, etc., and finally, its capital. Any sound assets above liabilities and capital is called net surplus.

Besides the free surplus, all fire and casualty companies have a considerable margin of strength in the unearned premium reserve. The law requires a reserve of 100 percent of unearned premiums. That is, on Dec. 31 a company must have as a reserve 50 percent of the one-year premiums in force. As the company's writings are approximately level, it is obvious that a policy written Jan. 2 is practically expired on Dec. 31, while one written Dec. 31 has a year to run. Thus 50 percent of the two premiums is 100 percent of the premium on the policy that still has a year to run. Policies written in February balance those written in November, etc., so that the 100 percent reserve is maintained.

Additional Strength Present

As loss ratios run only 50 to 60 percent it is obvious that if a company quit writing on Dec. 31, it would have 40 or 50 percent of the reserve left at the end of the following year, after paying the losses on the business in force. This additional strength is so real that many political agitators, as in Missouri and Kansas for instance, have tried to make the companies count it as profit

in calculating a fair rate level. Fortunately for these times, the agitators have not succeeded and the additional strength is still there.

When a company reduces capital it does not affect stockholders in any way except in a probable reduction in dividends. The ownership of the company is divided into shares. These shares have a nominal par value, but each share includes ownership in the surplus as well as in the capital. What is more important to the stockholder is the book value of his shares.

Book Value Is Illustrated

Suppose a company has 100,000 shares of \$100 par value each, making its capital \$10,000,000. Its assets may be \$40,000,000. Against this is an unearned premium reserve of \$20,000,000, loss reserve of \$2,000,000, and miscellaneous liabilities, such as taxes, etc., of \$1,000,000. This makes total liabilities of \$23,000,000. Deducting this from the assets leaves \$17,000,000 capital and surplus, which is the book value of all the stock. Dividing this by 100,000, the number of shares, the book value of each share is \$170.

Now suppose the capital is reduced by reducing the par value of the shares. If the capital is cut in two, there will still be 100,000 shares, but the par value will be \$50 instead of \$100. The book value, however, is unchanged and remains at \$170 a share. That is, for each share he holds, the stockholder still has sound assets above liabilities equal to \$170, but the par value is \$50 instead of \$100.

Dividends on Reduced Capital

Reduction of capital generally means a reduction of dividends, that is, dividends are paid only on the reduced capital. This is an additional protection to policyholders, as the money that would have been paid on the larger capital is held to strengthen the company.

The reductions in capital made by companies, and that will be made, are not due to losses on insurance operations. The incredible shrinkage in the stock market value of stocks and bonds does not affect the policyholders. It all falls on the stockholders. This shrinkage has been so great that the huge surpluses carried by many companies have been reduced. The reduction in capital is made to provide more surplus.

Increase Due to Banking Profits

The general feeling is that many companies have been over-capitalized. Taking the amount of premiums they wrote and comparing it with capital and the conclusion is justly reached, that capital was too large for the business done. However values were increasing, trade was brisk and activities were demanding bigger insurance companies. As a matter of fact, the increases in capital were due not to profit made on insurance operation but to the banking end of

(CONTINUED ON PAGE 15)

New York Agents in 50th Year Meet

Feeling Depression Has Strengthened Position of Stock Insurance in State

AD CAMPAIGN IS URGED

Dodge Recommends Joint Effort by Locals and Companies—Poster Propaganda Plan Explained

NEW OFFICERS ELECTED

President—W. M. Gildersleeve, Central Valley.

First vice-president—H. L. Brownell, Watertown.

Second vice-president—E. S. Poole, Albany.

Secretary-treasurer—T. L. Rogers, Little Falls.

Chairman executive committee—F. L. Gardner, Poughkeepsie.

Directors: W. H. A. Munns, Syracuse; Fred Pendleton, Brooklyn; J. J. Buttery, Peekskill; Richard Cary, Niagara Falls; W. B. Dickinson, Elmhurst; H. F. Duffy, Endicott; J. B. Field, Auburn; B. E. Gendar, New York; F. L. Gardner, Poughkeepsie; Follett Greeno, Rochester; W. W. King, Malone; J. H. Miller, Utica; Hume Morris, Elmira; A. D. Pardee, Kingston; Edward Digman, Albany; Albert Dodge, Buffalo; B. G. Tiffany, Jamestown; A. C. Wallace, Goshen.

By R. B. MITCHELL

SYRACUSE, May 25.—The convention which marked the 50th anniversary of the New York State Association of Local Agents here Tuesday and today found its members chiefly occupied with forging new and effective weapons against their ancient foes, the mutuals, cut-raters and the state fund.

The opinion was expressed by some that continuance of the depression has put stock insurance in a relatively stronger position than formerly because of a new attitude on the public's part that only the strongest is good enough.

May Issue Rate Order

It was revealed at one session that the New York department is expected shortly to issue orders to several well-known cut-raters that they must charge manual rates. It was also brought out that Sears-Roebuck's All State Insurance Company had admitted in a letter to a prospect that its policy could not be used to fulfill financial responsibility requirements in New York state, but that in such a case the policyholder would have to cancel his All State insurance pro-rata and take out insurance in an admitted company.

A comprehensive campaign of national advertising, to make the public "insurance-minded" and to stem the rising tide of cancellations was urged by Albert Dodge of Buffalo, national councillor.

Mr. Dodge recommended a campaign financed jointly by the agents and companies, on the order of the General

(CONTINUED ON PAGE 35)

F. J. Marshall Objects to Unheralded Farm Changes

F. J. Marshall, in his report as chairman of the farm underwriting committee, stated at the meeting of the New York State Association of Local Agents, that his committee is meeting during the period of the convention with company representatives on certain farm questions, about which there is a difference of opinion.

Mr. Marshall recalled that some time ago the companies decided to cut the credit of lightning rods and to enforce an old rule which required the tenant rate to be applied on contract purchased farms. The companies also revised the farm inspection report blank without the knowledge of the agents. Mr. Marshall said that there has been objection to this on the part of the agents and so the conference was called.

Only One Conference Held

Mr. Marshall said that there has only been one conference of agents and company representatives on the farm question. That meeting was held in July, 1931, and was profitable, he said. At the instance of the agents' committee, the alterations and repairs permit form, No. 304, was included in the standard farm form; wool produced on the farm was included under the produce item and the New York standard application and survey clause was eliminated from the form.

In the last two or three years, according to Mr. Marshall, the local agents have improved their farm underwriting, by writing each farm on a schedule, giving each company its pro rata share of all the items and then spreading the liability among the companies and having it understood that each company write its share of the farm business.

A better understanding between the companies and local agents would help, he said. For instance, the companies, he said, are "trying to dig themselves out from under a heavy loss ratio by reducing credit on lightning rods and thereby destroying what little fire prevention had been done."

Mr. Marshall charged the companies with indiscriminate appointment of part time, non-policy writing and cross road agents.

Mr. Marshall suggested that the companies investigate the matter of attic chimneys on which they have not received the proper premium. He said many farms are written on the D form by part time agents and are brokered through the city agent. There are dwellings within 50 feet of the barn where the diagram is made to show 51 to avoid the extra premium. Some properties that should be in the farm class are placed in some other classification.

Mr. Marshall suggested that to overcome these conditions, a centralized au-

thority in each county or district to check up on these discrepancies should be established. These authorities might also be charged with seeing that the insurance to value is on a proper scale and that only competent farm underwriters are appointed.

Mr. Marshall charged that many companies are not underwriting farms, but are merely taking them because they are getting some good business from the agent.

Mr. Marshall gave the farm record of 15 groups of companies during the last six years as follows:

	Premiums	Losses	Percent	Loss Ratio
1925	\$1,075,315	\$1,188,079	110.48	
1926	1,061,527	977,967	92.12	
1927	951,059	842,826	88.61	
1928	991,031	896,778	89.7	
1929	1,028,770	907,502	88.5	
1930	974,873	850,140	87.59	

To this record, he pointed out, should be added an expense ratio of about 42.6 percent. "I believe," he said, "that this class of business could be written at a fair profit. Think of the enormous premium volume that can be obtained with the proper spread of liability."

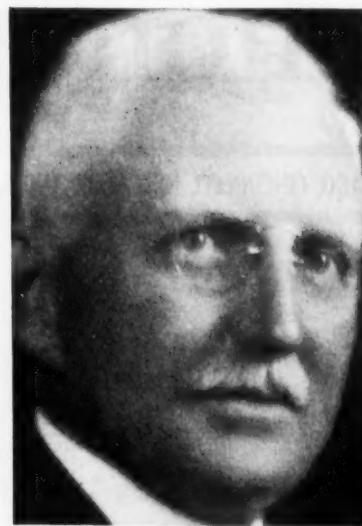
Century of Scotland Correction

On page 16 of the 1932 Argus Fire Chart the item of "Surplus Less Capital" of \$258,482 shown for the Century does not include the deposit capital of \$400,000. This figure should be the same as shown for "Surplus to Policyholders."

New Special Rain Form

Under the special form of rain insurance, effective May 15, it is possible to insure farms with a gross income from the sources of income covered of \$5,000 or more over the entire period of the event. The amount of insurance granted on any one item of insurance shall not be less than 50 percent of the agreed, anticipated gross income from

New Director



JUSTIN PETERS, Philadelphia

Justin Peters, president Pennsylvania Lumbermen's Mutual Fire of Philadelphia, who was elected one of the insurance directors of the United States Chamber of Commerce, is a former president of the Federation of Mutual Fire Insurance Companies and also the National Association of Mutual Insurance Companies. He is a director of the Lumbermen's Mutual Fire of Boston and the National Mutual Underwriters of Washington, D. C.

the sources covered under such item. For running races, the special form is applicable to events which have been held at least three consecutive years and at which the applicant's proportion of the gross income was \$10,000 or more, from the sources of income to be covered and the minimum of insurance under any one item shall be not less than \$5,000.

Rawlings Is Again W. I. B. President

Bureau Takes Action Looking to Adoption of Uniform Forms

COMMISSION RESOLUTION

Association Endorses President's Warning Against Ill Advised and Hasty Revision of Agent's Remuneration

Well satisfied with the administration of the organization during the past 12 months, members of the Western Insurance Bureau at their annual gathering at Braircliff, N. Y., reelected all former officers, the roster being: President, Ralph Rawlings, president Monarch Fire; vice-presidents, D. W. Crane, vice-president Ohio Farmers, and A. F. James, president Northwestern National; treasurer, F. S. Danforth, secretary Millers National; secretary, F. S. Schad.

Definite action taken at the meeting with respect to the various recommendations set forth in the comprehensive report submitted by H. A. Clark, as chairman of the board of directors, included approval of the suggestion that "when a substantial majority of the agency writing companies are committed to the use of three forms of standard policy plans—standard fire for the respective states, standard tornado and standard combined—the responsible committee 'set a date not less than three months in advance when the exclusive use of such policies shall become mandatory and all other forms of fire and tornado blanks be withdrawn.'"

Risk Misrepresentation

As to risk misrepresentation it was agreed that: "Where it shall appear that any agent representing member companies has intentionally misrepresented any risk, either directly or by application of improper classification, the directors shall investigate and when satisfied of intentional misrepresentation shall require the policy to be cancelled and prohibit any member company in the agency from writing such risk for a period of 15 months."

It was further determined to prepare an alphabetical commission schedule to be incorporated in the book of rules, its purpose being to clarify but in no wise to change the existing schedule.

By a standing vote the memorial on the late F. A. Rothier, chairman of the Eureka-Security F. & M. of Cincinnati, was adopted after its reading by F. A. Hawley, president of the Ohio Farmers.

Following delivery of the address of President Rawlings, appearing in last week's NATIONAL UNDERWRITER, the committee to which it was referred, W. D. Reed, vice-president Northwestern National, chairman; Mr. Hawley and B. G. Dawes, Jr., president Eureka-Security, found itself in complete accord with the viewpoint of Mr. Rawlings "in relation to agents' commissions; a primary and most essential factor in acquisition cost and one which should, therefore, be safeguarded from hasty or ill advised action of whatever nature."

Field Club Committee

For the field club committee, its chairman, R. S. Danforth, stated that arrangements had been made for two gatherings; one at Excelsior Springs, Mo., June 8-9, to be attended by field men from Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, Oklahoma and South Dakota, while the

(CONTINUED ON PAGE 19)

THE WEEK IN INSURANCE

Company officials speculate on formula for valuing securities which commissioners will consider at Chicago meeting, June 22-24; strong sentiment for amortization basis permitted life companies. **Page 3**

Annual meeting of the New York Association of Local Agents was held this week at Syracuse, N. Y. **Page 3**

Ralph Rawlings, president of the Monarch Fire, is again elected president of the Western Insurance Bureau at the annual meeting in Briarcliff. **Page 4**

Ernest Palmer, manager Chicago Board, propounds provocative questions intended to unshackle agents from the bonds of precedent in his address before New York State Association of Local Agents. **Page 5**

Officers of the South Carolina Association of Insurance Agents reelected at annual meeting at Anderson. **Page 8**

W. E. Silliman, Camden, Ark., was reelected president of the Arkansas Association of Insurance Agents at its annual meeting at Hot Springs. **Page 8**

Stevens & Hopps, New York City, have been appointed United States general agents of the Pearl Assurance for direct fire and allied insurance. The company heretofore has only been operating as a reinsurance company. **Page 5**

It is generally predicted that President C. W. Bailey of the American of Newark will be reelected head of the National Board at its annual meeting this week. **Page 5**

Meeting of the Vermont Association of Insurance Agents was held at Brattleboro this week. **Page 12**

Superintendent Finlayson of Canada sends out memorandum requesting that fire and casualty companies submit balance sheet based on current market values before paying dividends to stockholders. **Page 12**

Frank discussion on commissions and new auto rates features Nebraska agents' meeting. Philip W. Downs elected president. **Page 6**

Public education is needed in regard to acquisition cost, T. S. Ridge, Jr., of Kansas City, member of the executive committee of the National Association of Insurance Agents tells Arkansas locals. **Page 12**

All policy liability in the New Jersey Fidelity & Plate Glass except fidelity and surety is assumed by the Commercial Casualty as of May 20. **Page 37**

National Bureau of Casualty & Surety Underwriters promulgates a number of miscellaneous automobile rule changes. **Page 39**

T. F. Tarbell in an address before the Casualty Actuarial Society advocates determining compensation rate levels from a long term point of view. **Page 39**

Proposal made by New Amsterdam Casualty to United States Casualty for alliance approved by directors of former company; now goes to stockholders. **Page 37**

The Commerce Casualty is to be merged into the Glens Falls Indemnity. **Page 40**

Merger deal between the Independence Indemnity and Public Indemnity is definitely off. **Page 39**

Two Companies Combining

The directors of the American Constitution Fire and American Home Fire of New York, running mates of the Stuyvesant, have voted to recommend to stockholders a consolidation under the name of the American Home Fire. The proposed capital of the consolidated company will be \$1,000,000 divided into 100,000 shares at a par value of \$10 each. Both companies are controlled by the Globe & Rutgers. The consolidated company will have net surplus of about \$600,000 on the basis of present day security valuation. The premium reserve will be \$585,000.

Oppose Louisiana Tax Bill

Fire insurance interests are represented at Louisiana in opposition to the Hood bill in that state, to tax corporations, including insurance companies, 4 percent of the net income in that state.

Second Term for C. W. Bailey Sure

R. B. Ives Will Become Vice-
President of National
Board

ANNUAL MEETING IS ON

Interest in Election of Executive Com-
mittee Chairman—Foreign Company
Official Likely to Be Choice

NEW YORK, May 25.—That C. Weston Bailey, president of the American of Newark, will be reelected president of the National Board at the annual meeting here tomorrow, is a foregone conclusion. It is likewise anticipated that R. B. Ives of the Aetna will be advanced from the chairmanship of the executive committee to the vice-presidency, the recent selection of P. L. Haid as president of the Insurance Executives Association, compelling his withdrawal as an official of the National Board. Wilfred Kurth, president of the Home and Sumner Ballard, president of the International, will be rechosen treasurer and secretary, respectively, without question.

Under a rule of the National Board nominations for its official slate are prepared by the ex-presidents, these now being: R. M. Bissell, president Hartford; Mr. Kurth, G. G. Bulkley, president Springfield, and James Wyper, vice-president Hartford.

Chairmanship Question

With the official program determined upon, interest centers in the probable nominee for the chairmanship of the executive committee, that post being the stepping stone to the vice-presidency, and in turn, to the presidency of the body.

Though there is no regulation to that effect the unwritten rule rarely departed from has been to elect as president of the National Board a representative of an American company twice, to be followed by an official of a British corporation, the ratio of company membership in the National Board being about in

(CONTINUED ON PAGE 14)

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Ernest Palmer, manager of the Chicago Board, in his address before the New York State Association of Local Agents, made a sensational success by propounding a series of provocative insurance questions. The interrogatory was designed to cause real criticism of fundamentals and to shake complacent attitudes.

Mr. Palmer interlarded his unusual address with characteristic wit. A reference in his preface to Paul L. Haid, president of the Insurance Executives Association, brought down the house.

"You know we are going to have a world's fair in Chicago next year celebrating a Century of Progress," he said. "The fair will be officially opened by concentrating and focusing a beam of light which started from a great star 40 years ago. That is, the light to be used left the star in 1893, when the last real world's fair was held in Chicago. (There was a depression on at that time. So you see with the courage of pioneers we still celebrate every real panic with a real fair.)

Imagination Stirred

"Doesn't it stir your imagination when you realize that light which left a star 40 years ago (that was five years after Paul Haid was born) can be controlled and made to work on our earth today?

"Who knows but what some star of the insurance business this year may send out some light which in the years to come will open a century of progress in our business?"

Most of Mr. Palmer's questions appear herewith:

"Are insurance people so busy with their own affairs and with the affairs of the organizations within the business to which they belong that not enough thought has been put upon the broad and general problems of the insurance business?

"Is there any place where a research department of insurance is maintained, where able men with brains, experience and imagination have as their principal function the planning of what is best for the insurance business as a whole?

"Does not every business need a few men who have nothing to do but constructive thinking for the good of all? Is not thought, real honest to goodness thinking a thing through, about the rarest commodity in the world today? How many men imagine they are

thinking about present problems when all they are doing is worrying? Will not thinking ahead prevent the happening of some events which otherwise would some day arise and become at that day 'present problems?' How can we make men think? It's almost as hard to do as it is to cure dandruff. You know there is only one cure for dandruff. Buy and wear a tweed suit.

Harmony Prevails

"Is there any place where agents and company executives work in perfect harmony? There is.

"Is there any place where rates and forms and commissions are applied without friction between managers and agents? There is.

"Is there any place where insurance audiences are not being bored to death with speeches and statistics and theories? There is not.

"Is there any place where working together company managers and agents have learned to trust each other? There is.

"Is there any place where 200 fire insurance companies are reasonably well satisfied with the amount of business they get and the price they are paid and pay for it? There is.

"Is there any place where the casualty companies are in that position? There is not. Is there any place where John Public appears to find no serious fault either with the protection afforded or with the price he pays? There is.

Department Cooperates

"Is there any place where the dominant insurance organization appears to have the full cooperation of the insurance department? There is.

"Is there any place where the commission and brokerage scale appears to satisfy companies, agents and brokers and where everybody obeys the scale except the few who never obey anything or anybody? There is.

"Is there any place where there has been built up an esprit de corps which is gradually putting the insurance business on the plane of the professions? There is.

"Is there any place which the current business depression has failed to touch? There is not.

"Is there any place where, in spite of the temptations more seriously pres-

(CONTINUED ON PAGE 10)

Pearl Assurance to Write Direct

Stevens & Hopps Are Appointed
Managers for the United
States

TO COVER LARGE CITIES

Foreign Officials Are in This Country
Arranging for the Handling
of Business

NEW YORK, May 25.—It was announced by George Tilley, chairman of the Pearl Assurance of London from its home office, that it will in a short time enter this country for direct fire and allied lines. Gilbert Kingan of Hartford, United States manager London & Lancashire group, announces that reinsurance contracts formerly in effect with his fleet have been discontinued and he has resigned as manager of the Pearl. The Pearl came to this country in 1927 and has confined its operations entirely to reinsurance.

Seven & Hopps have been appointed United States general agents for direct business. Mr. Stevens retires from the brokerage firm of Cornwall & Stevens. Stewart B. Hopps of the firm was formerly vice-president of the American Merchant Marine and later an executive of the National Union Fire located in New York and having various brokerage contacts throughout the country. Stevens & Hopps are located at 90 John street, New York, taking the entire 16th floor occupying the space formerly held by Cornwall & Stevens.

Comment by Mr. Tilley

Mr. Tilley says the gross assets of Pearl Assurance exceed \$300,000,000 at its home office. These assets take into account security depreciation and further reserves against future depreciation subsequent to the Dec. 31, 1931 balance sheet, he declared. Since then the market prices of the assets have substantially increased, the chairman says, thus providing additional margin of security for policyholders.

"The present seems therefore an ap-

(CONTINUED ON PAGE 15)

OFFICIALS AT MEETING OF THE NATIONAL BOARD



C. W. BAILEY, Newark, N. J.,
President



PAUL L. HAID, New York City,
Vice-President



RALPH B. IVES, Hartford
Chairman Executive Committee



WILFRED KURTH, New York City
Treasurer

Two Suggestions Made by Seibels

Reduction of Fire Commissions to 15 Percent and Cash System Proposed

VETERAN'S VIEWS GIVEN

South Carolina Agents Told They and Companies Would Benefit from Adopting Plan

Two important suggestions looking toward improvement of conditions in the fire insurance business were made at the annual meeting of the South Carolina Association of Insurance Agents by E. G. Seibels, manager Cotton Fire & Marine Underwriters, Columbia, S. C.

Commissions are too high for the best business returns, either to agents or companies, he said, and should be reduced to the old 15 percent, with three accompanying changes, which he believes would eliminate most irresponsible agents and practically all of the rebating that now exists.

Credits Need Correction

The credit evil also sorely needs correcting, he said, and the only feasible way to do that is by going on a strictly cash basis, with no exceptions to anybody. Some business may be lost at first, but experience proves the benefits more than offset any losses.

Mr. Seibels recommended three changes to go along with reduction of fire commissions:

"1. To contribute their part in accomplishing this reform, I think association companies, in consideration of the reduction in commission and in the cost of doing business, should be willing to agree to eliminate all part-time agents.

"2. As a further consideration for a voluntary reduction of commissions by the agents, the companies might well agree to deal only with agents who were members of state and National associations. Such an arrangement would far outweigh the benefits to be derived from any agents' qualification law that could possibly be enacted, and I believe the Insurance Executives Association offers a source through which to conduct negotiations to this end.

Insists It Is Practical

"I am fully aware that this may be considered a radical and impractical proposal; radical perhaps, but not impractical. The agent is an integral part of the company. Associations to cover the special problems of each are considered essential today. Why is it not logical, rather than radical, to have these respective associations of agents and companies cooperate in their common problems?

"There is another angle of the commission question that I wish to submit, in connection with the too frequent termination, by both agents and companies, of long standing agency relationships, undesirable from the standpoint of each group.

"An agent who has represented a company for a long term of years—the Seibels agency in Columbia has represented one company for 62 years, and several for more than 30 years—is entitled to more than a medal, however appreciated such a mark of esteem may be. Such representation should have a practical reward as well.

"As a third accompanying change, I believe a company after 25 years of representation by an agent should be privi-

(CONTINUED ON PAGE 19)

Speak Before New York Agents



ERNEST PALMER, Chicago
Manager Chicago Board



ROCKWOOD HOSMER, Chicago
President Illinois Agents

Two distinguished Chicago insurance men spoke this week before the annual meeting of the New York State Association of Local Agents at Syracuse. Rockwood Hosmer of Chicago, president Illinois Association of Insurance Agents, gave a talk at one of the business meetings and Manager Ernest Palmer of the Chicago Board spoke at the banquet. Mr. Palmer introduced an entirely new vogue in an insurance address by making it almost exclusively one of questions asked.

W. U. A. Asks Members to Record Cigarette Losses

The Western Underwriters Association is calling upon its members, beginning June 1, to keep a record of cigarette losses for the remainder of this year. The companies are asked to keep such a record in such a way that at the end of the year they can report the total number of cigarette claims, cigarette losses paid and amount of insurance involved.

This experience is desired in order to determine the seriousness of the cigarette hazard. There has been much discussion of this problem and there is under consideration a proposal to apply a \$100 deductible to avoid payment of the majority of cigarette claims. Some companies have been inclined to discount the seriousness of the cigarette loss. Therefore a record of actual experience is considered desirable.

Automatic Cancellation Idea Was Used in 1875

Charles L. Gandy, chairman of the executive committee of the National Association of Insurance Agents, has proof that the proposed automatic cancellation clause as advocated by the association is not a new idea. The proof is a fire policy written Feb. 18, 1875, the first clause being: "This company shall not be liable by virtue of this policy or any renewal thereof until the actual payment of the premium."

The policy was loaned to Mr. Gandy by Ed Jordan of the Jordan Insurance Agency of Talladega, Ala., where the policy was written by T. N. Anglin in the Niagara Fire. The policy attracted considerable attention at the Alabama convention which endorsed such a clause in present day policies. Mr. Gandy exhibited the policy this week before the New York convention at Syracuse where he delivered an address.

Western Adjustment Co. Makes Important Changes

E. V. Cole, resident adjuster of the Middlesboro, Ky., office of the Western Adjustment, has been named manager of the Cape Girardeau, Mo., branch, succeeding the late esteemed J. X. Davis. Mr. Cole will be succeeded at Middlesboro by R. A. Weldon of the Columbus, O., office, and Adjuster L. H. Heidrich of the St. Paul office is transferred to Columbus.

Mr. Cole is a seasoned adjuster and a native of Missouri, having served the adjustment company at Cape Girardeau, Paducah, Madisonville and Middlesboro. In view of his previous connection with the Cape Girardeau office his appointment under the circumstances was considered a foregone conclusion. He will be assisted by S. K. Cain.

Mr. Weldon is a mature adjuster with a good record of service at Indianapolis, Dayton and Columbus, O.

D. R. Waters, for several years connected with the Stratton Insurance Agency, Lansing, Mich., as a casualty adjuster, has joined the Western Adjustment organization and is now attached to the Lansing office in charge of Resident Adjuster G. I. Fraser. The Lansing office operates under the supervision of Manager H. W. Knoblauch of Jackson, Mich.

The Western Adjustment began to specialize in casualty adjustments last year and the employment of Mr. Waters is in line with its program to provide suitable facilities in connection with the increase of that business.

May Is Secretary of Birmingham

Announcement has just been made of the election of Kenneth F. May as secretary of the Birmingham Fire of Pennsylvania. The Birmingham is affiliated with the National Union Fire of which company Mr. May has been assistant secretary for several months, in charge of the automobile underwriting department. His entire insurance career has been devoted to automobile business. Before joining the National Union organization he spent several years with the North America, both in the field and in charge of the automobile department in Chicago.

Frank Discussion at Nebraska Meet

Philip W. Downs Elected President at Agents' Annual Meeting in Omaha

HILLERS REVIEWS ISSUES

Urge Reduction of Other Expenses Besides Commissions in Lowering Acquisition Costs

NEW OFFICERS ELECTED

President, Philip W. Downs, Omaha. Secretary-Treasurer, Arthur B. Dunbar, Omaha.

The possibilities and responsibilities of agent organizations, as expressed by President J. B. Hillers in his annual address formed the theme of the Nebraska Association of Insurance Agents' one day meeting in Omaha last week.

In their talks President Hillers and Roscoe C. Alexander, national councillor, discussed issues of importance to agents at the present time. Among them were the branch office evil, the reduction of commissions without notifying agents, unfair competition by cut-rate and unsound companies, and the demoralizing effect of questionable operation of marine departments of their business through the inclusion of specific risks in general classes in which they do not belong, and through rate cutting.

At the opening session J. H. Friedel, president Omaha Association of Insurance Agents, welcomed the gathering and C. T. Flower, Grand Island, responded.

Hillers Gives Message

President J. B. Hillers devoted much of his address to eulogizing the various leaders of the National association—Secretary W. H. Bennett, President W. B. Calhoun and C. L. Gandy, chairman of the executive committee. Mr. Hillers endorsed warmly the Insurance Executives Association and President Paul L. Haid, as promising greater stability and regulation from within.

All the agents should stand firm, according to Mr. Hillers, against violation of their interests by the companies. He said the agents should put their houses in order. The producer should not let the immediate monetary gain of an excess commission or a cut rate that will hold a single line blind him to the inevitable consequences of unsound underwriting. He said the companies should be classified by the service they render the agency and by their constructive attitude toward the business as a whole.

Many allegedly destructive undertakings have been frustrated by the activities of the National Association of Insurance Agents, he said. He mentioned that a number of banking institutions have closed their former agencies; the countrywide reduction in compensation commissions has apparently been temporarily prevented through the efforts of Secretary Bennett in the Georgia case. Postponement of commission reduction on farm business has been agreed to until the conference committee of the agents can present its argument to the company committee. The Hoover Dam bond commissions have been paid by most of the companies. Efforts are being made to include unpaid insurance premiums as preferred claims under the bankruptcy laws. The fictitious fleet evil is being corrected, he said.

The afternoon was given over to (CONTINUED ON PAGE 18)

Send coupon for your
FREE copy

The Contract:
Any number of policies may be included in one contract. To be signed by the assured at "A".
Two witnesses to sign at points indicated* To be signed by agent at "B" on back of contract.

Rates:
Total the gross premium to be financed. Find the nearest amount in the first column of the chart. The next column indicates the required "Down Payment," to which add any difference between the "Amount of Premium" and the nearest figure to it in the first column. Deducting the "Down-Payment" from the "Amount of Premium" gives the "Balance." Select the "Service Plan desired." Deducting "Balance" from the figure in the "Contract" column gives the "Service Charge." Column headed "Per Month" gives the monthly payments. The first payment is due 25 days from the date of the policy.

Mortgaged Property:
Where it is necessary to leave policies with a Bank or Building and Loan Association or any mortgagee in the case of fire policies or where liability policies must be deposited with public official, the insured or his agent must sign this form and send it to us with a countersigned copy or certificate of the policy.

Certificate of Policy:
We will furnish this form so that the agent may deliver a certificate to the assured as a memorandum of the policy.

Notice of Payment:
Upon acceptance of the contract the assured is sent a convenient Payment Coupon Book, to be used for the remittance of his contract. Each month the assured, when making his remittance, detaches the preceding coupon and sends it to us. If he fails to do so, the event payment is not received promptly a delinquent notice is sent the assured giving him additional ten days of grace. A memorandum of this and any other notice is sent to the agent for his information so that he may be kept advised as to the status of a delinquent account.

Tell Your Customers:
We will supply the agent with a quantity of this sticker which has been found very effective as a means of calling to the attention of assureds that it is possible for them to take advantage of the accommodation offered by a monthly payment plan. Many agents attach this sticker to their invoices when delivering a policy. Installment selling is the modern method of merchandising. Your customers will appreciate the opportunity to use this budget plan.

To Obtain This Service:
Detach and sign these agreement forms and send them to us at once with a list of the insureds.

THE N.G.F. PLAN

Gives you your premium in cash at once.
Relieves you of collection troubles.
Gives you more time to solicit new business.
Helps to increase your three and five year term business.
Offers your customers CREDIT without red tape or personal investigation.
Collects your old balances.
Costs you nothing.

a of a National Organization"

DETACH AND MAIL

National Guarantee & Finance Co.,
150 East Broad St., Columbus, Ohio.

Please send me free a copy of your new File-Manual on Financing Insurance Premiums.

Name

Address

City

State

The National Guarantee & Finance Company
150 EAST BROAD STREET
Columbus, Ohio

NOTE: The first installment is payable 25 days after date of the policy and subsequent installments are payable monthly thereafter.

"Specimen"
CONTRACT AND POWER OF ATTORNEY

First Payment will be due 25 days from effective date of Policy.
Variations
Should the total premium be other than the exact

		MONTHS		MONTHS		MONTHS		MONTHS		MONTHS	
Net Per	Gross Per	Net Per	Gross Per	Net Per	Gross Per	Net Per	Gross Per	Net Per	Gross Per	Net Per	Gross Per
\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00
\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00
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\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00
\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00

Form 49-B-4-15-32

POLICY RECEIPT

NOTE—This form to be used in all cases where original policies are to be held by a mortgagee or by a Governmental Department or by a Governmental Department.

N.G.F.
N.G.F.

Assured's Policy Certificate

THIS PAYMENT DUE BEFORE 2 P.M. ON DATE INDICATED

Month Due	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Payment No.												
Day Due												
Account Number												
Branch												

Amount of Payment \$
Poliholder

Your Convenience

Form 49-B-4-15-32

AGREEMENT

NOTE: This agreement to be signed in duplicate so that one copy may be returned for your file.

This agreement made and entered into this day of 19..... by and between of the City of (Insurance Agency) and the State of hereinafter referred to as "First Party", and The National Guarantee and Finance Company, of the City of Columbus, State of Ohio, hereinafter referred to as "Second Party";

WITNESSETH:

WHEREAS, the First Party is engaged in the business of selling insurance and is desirous of obtaining the facilities of a premium finance plan for the use of its customers; and

WHEREAS, the Second Party is engaged in the business of financing insurance premiums and other commodities;

NOW THEREFORE, it is hereby agreed by and between the parties hereto as follows:

THE SECOND PARTY (FINANCE COMPANY) AGREES:

- That it will not directly or indirectly enter into the insurance business, in the capacity of an agent or otherwise;
- That it will treat all insurance information in connection with transactions arising from this agreement strictly confidential;
- That it will furnish to the First Party any and all forms considered necessary by the Second Party in connection with the financing of premiums;
- That it will promptly review transactions presented and if acceptable make remittance to proper payee of the amount due;
- That it will promptly notify First Party in the event of a default occurring in any contracts of premium financing submitted by First Party;
- That it will turn over to First Party, policies or receipts, certificates or copies of same involved in any premium finance contract upon receipt from it of payment for balance owing on such contract.

THE FIRST PARTY (INSURANCE AGENCY) AGREES:

FOR your copy of the File-Manual illustrated send the coupon below. It gives the complete story of the new, improved and simplified Premium Budget Plan of The National Guarantee & Finance Company of Columbus, Ohio. This modern, practical plan.

Gives you your premium in cash at once.

relieves you of collection
trouble.

helps increase your 3 and 5
year term business.

offers your customer credit
without red tape or personal
investigation.

gives you more time to solicit new business.

collects your old balances

YET costs you nothing.

Simple Plan

Only one signature of assured and one of agent required. All special endorsements eliminated. All forms improved and simplified.

Easy To Use

This new File-Manual tells all you want to know about financing insurance premiums. It gives complete explanation, shows copies of the forms and tells how to use each.

When folded it measures $9\frac{1}{4} \times 11\frac{3}{4}$ inches and is made to fit into your file and serve as a ready reference.

Every insurance agent and all field men and company representatives will want a copy of this **File-Manual** which is sent without obligation. Simply mail the coupon **TODAY**.

THE
National Guarantee
& Finance Co.
John E. Davis, President
150 East Broad Street
Columbus, Ohio

"A National Service of a National Organization."

Arkansas Agents Reelect Silliman

Association Endorses Adoption of
Three Uniform Fire Policy
Forms

O. K. NEW CONSTITUTION

Seek Enforcement of Old 45-day Col-
lection Rule—F. E. O'Brien
Gives Talk

The endorsement of three uniform fire policy forms and the reelection of President W. E. Silliman and his fellow officers featured the annual meeting of the Arkansas Association of Insurance Agents at Hot Springs last week. It was decided to reorganize the association and a constitution was adopted similar to that of the Louisiana Insurance Society, John D. Saint, manager of the latter organization, having aided in the revision.

The convention went on record as favoring the enforcement of an old ruling by the state insurance commissioner limiting premium credit extension to 45 days. This is expected to solve collection and credit troubles. Support was pledged to the companies in enforcing the principle that a general agent should not engage in local business, either directly or indirectly.

President Gives Program

Endorsement of the plan for use of uniform policies and forms, eliminating some 28 different policy forms, was contained in the presidential address of W. E. Silliman.

Mr. Silliman recalled that a special committee of the Arkansas association has been in conference with the company advisory committee and the agreement has been reached that there are too many policies and forms. The question has been taken up with T. F. Baker, manager of the Arkansas Fire Prevention Bureau, who states that it is possible to prepare a uniform combination dwelling policy, uniform general combination policy and uniform grain and cotton certificate. This would eliminate all of the policies now furnished by the various companies other than those mentioned.

Mr. Silliman asked the membership to request that the companies in the bureau cooperate in eliminating all of the policy contracts now offered except these three; that the companies cooperate in making the coverage under these policies uniform and that all forms except those actually necessary in writing business in the various localities be eliminated.

Agents Must Adhere

If this program is carried out, Mr. Silliman said it is up to the agents to adhere to it strictly and not represent any company offering new and different policies.

Mr. Silliman mentioned that membership is less than last year. He pointed out that the agents outside the association get the same benefit as those who carry the burden.

During the past year, Mr. Silliman said that two meetings of the executive committee of the Arkansas association have been held with the company advisory committee. In the future, he said that quarterly meetings should be held. Much misunderstanding is eliminated by reason of these meetings, he said.

Mr. Silliman said that the plan, whereunder Arkansas is divided into six

(CONTINUED ON PAGE 17)

South Carolina Officers Reelected at Annual Meet

BEHA IS UNABLE TO ATTEND

Commissioner King Says Casualty Companies Should Cooperate Better on Underwriting Plans

By SCOTT NIXON

Despite heavy rains the annual convention of the South Carolina Association of Insurance Agents at Anderson, S. C. last week had a large attendance. President W. F. Robertson and all his fellow officers were reelected.

Following the introduction of guests and the reports of President Robertson, Greenville and W. H. Lawrence, secretary-treasurer, Anderson; Edwin G. Seibels, president South Carolina Insurance Company, talked on "Random Recollection or Radical Reflections."

James A. Beha, general manager National Bureau of Casualty & Surety Underwriters, was unable to attend and sent in his place John J. Hall, director safety division of the bureau. At the banquet Mr. Hall outlined the safety work that is being conducted by the bureau stating that in the past eight years its accident prevention work had saved the lives of over 7,000 school children. He told how the bureau and the American Legion had worked out a joint program for promoting uniform traffic laws.

Asks for Cooperation

At the Saturday morning session Mr. Hall read Mr. Beha's prepared address to the convention. The solution of present day problems, according to Mr. Beha, is taxing the best minds of the insurance business and things are gradually being headed in the right direction for proper solution. He brought out the point that the recent increased automobile liability rates had aroused the ire of many agents and that their protests were unfounded and caused by much misunderstanding. He felt that the agents do not realize the companies' end of it and should react to such situations in a more cooperative manner. Mr. Beha said that the rates are based on the reflection of the loss costs and the public really made the rates and that they can be lowered through proper safety work.

King Criticizes Companies

Commissioner Sam B. King of South Carolina extended the official greeting of his department. He said that Mr. Beha's remarks regarding the agents as a whole did not apply to the South Carolina agents. Mr. King regretted that the casualty companies could not get together on underwriting plans such as merit rating, and then after agreeing to a plan stick to it. He said the casualty companies should test out these schemes before adopting them. He also stated that he wanted to see the 1931 loss report figures before there were any more increased rates and felt that there was no necessity for a 41 percent increase in liability rates in South Carolina.

The greetings of the Georgia Association of Insurance Agents were extended by President Scott Nixon, Augusta. Mr. Nixon told of the work of the Georgia association in trying to arouse interest among the agents in the smaller towns. He told of a city ordinance which has been adopted in Augusta designed to tax the non-agency companies who are writing a large volume of business and evading local taxes. The Augusta ordinance states that a doctor or lawyer examining patients or claimants is the agent for the insurance company and is therefore liable for city taxes and licenses. He told how this ordinance was being introduced in other cities of Georgia with the hope of raising the tax item of the non-agency companies' acquisition cost and he hoped

Kern Urges Agents to Give Up Branch Office Carriers

ACTION REQUIRED, HE SAYS

Charles L. Gandy Also Takes Up
Cudgel Against Branches at New
York Meeting

Asserting that there has been much verbal protest but no action on the part of agents against the branch office system, G. F. Kern, president of the Association of Local Agents of the City of New York, advocated the discontinuance of the use of policies and supplies of companies sponsoring branch offices, in his address before the annual meeting of the New York State Association of Local Agents. He condemned the branch office as an unfair and uneconomical form of competition. Although it has been largely confined to the larger centers, he predicted that the next step will be in the medium sized cities and then the smaller towns or branch offices in the larger cities will be used to serve as headquarters in which salaried solicitors will be sent out in the rural sections.

Branch Not Limited

Mr. Kern said that sometimes branch offices are set up in competition with agents who have represented the company for 20 or 30 years. The branch office is not limited as to expense or equipment as the agent is, he said.

The speaker related several recent experiences in New York wherein agents of long and faithful service were sacrificed for branch offices. He said that a group of companies recently established a branch office after maintaining an agency in New York City for nearly 100 years. A former local agent was put in charge of the branch and the agents' staff was maintained. The company advertised that its service was being improved. "The reply of agents nation-wide," he said, "should be the non-use of that company's policies and supplies for there is certainly no evidence of friendliness to agents or agency organizations implied."

The agents, he said, should have resorted to greater publicity against branch offices and should have advised stockholders and directors of companies of the uneconomical character of the branch office system which, he said, has invariably increased the cost of handling business.

Gandy on Branches

Charles L. Gandy, chairman of the executive committee of the National Association of Insurance Agents, also took up the cudgel against branch offices. He said the time has arrived for a showdown. The agents should meet with the companies, he said, to decide which is the proper way to conduct the insurance business. "If we succeed," he said, "then let them evidence their good faith by removing direct writing branch offices and eliminate overhead writing, not by degrees but tornado fashion. If we fail and they convince us that we have no place in the business, then the sooner we know it the better. It seems to me that straddling the fence has progressed just about to the degree of endurance."

that many of the South Carolina cities would adopt it.

William F. Dunbar extended the greetings of the Southeastern Underwriters Association and told of the organization's history and some of its early problems. He called attention to the association's work to reduce fire losses and resulting deaths. He paid tribute to the value of organization.

Invitations for the 1933 convention were received from Orangeburg, Sumter, Greenville, Spartanburg and North Augusta. The incoming executive committee will make the selection.

The following officers were reelected:

Committee Reports Are Constructive

Membership of New York Association 959—Carrying Delinquents Costly

UNITED LOBBY PROPOSED

Gardner Says Multiplicity of Insurance
Representatives at Legislature Does
Not Inspire Public Confidence

The reports of the various committees were printed in pamphlet form and distributed to those attending the 50th meeting of the New York State Association of Local Agents. Many constructive ideas were brought out.

Membership in the New York association, as of May 10, was 959, according to the report of A. C. Deisseroth. On Feb. 1, the memberships of 394 delinquent members were lapsed. Mr. Deisseroth pointed out that each month a delinquent member is carried, the association must advance to the National association 60 cents, so that carrying 394 delinquent members cost the New York association \$236 a month.

Mr. Deisseroth said that the hope is now that the membership may be restored to about 1,065, which was the figure on Sept. 1, 1931.

Mr. Deisseroth recommended that dues be paid semi-annually and that a time limit of 60 or 90 days be set when past dues shall be outstanding.

Roy A. Duffus reviewed the extensive work of the committee on publicity and agency service, of which he is chairman. John D. Henderson reported as chairman of the committee on civic organizations.

Casualty Rating Bureau

The notion that advance information of rate changes to agents would result in widespread cancellation and rewriting was refuted in the promulgation a week ahead of time of revised automobile rates for New York state, according to F. G. Noxsel, who reported as chairman of the committee on casualty rating bureaus. The revised rates were announced Feb. 22 to become effective March 1. "In our opinion," Mr. Noxsel declared, "very little of the cancellation evil, if any at all, prevails. Of course, isolated cases were reported, but the proportion to the whole business was probably exceedingly small."

Mr. Noxsel recalled that after the automobile rates were published Jan. 18, the insurance agents club of Utica, N. Y., sent a committee to New York to file a protest with the National Bureau of Casualty & Surety Underwriters. As a result of that meeting it was decided to use the combined experience of all companies in determining the base rate.

(CONTINUED ON PAGE 19)

President, W. F. Robertson, Greenville; vice-presidents, R. M. Kennedy, Camden, and J. M. Green, Orangeburg; and chairman executive committee, J. F. Stuckey, Bishopville. The secretary-treasurer will be elected later by the executive committee.

The executive committee members are: Messrs. Robertson and Stuckey, Greenville; R. M. Kennedy, Camden; J. M. Green, Orangeburg; S. F. Cannon, Spartanburg; W. L. Jenkins, Rock Hill; W. H. Lawrence, Anderson; S. C. Fair, Orangeburg; Meyer Triest, Charleston; G. W. Kinghorn, Beaufort; Wm. Goldsmith, Greenville. A. G. Furman, Greenville, is national councillor.



HAMILTON, known as "the greatest treasurer of all times" used care and foresight in all his successful financial dealings. Using the same principles of care and foresight the Eureka-Security Fire and Marine has built an investment portfolio of great strength. Of the \$2,973,961 total investments at Insurance Commissioner's Valuations; bonds consisting of United States government, Federal land bank, State, Municipal, Territorial, etc., comprise 51.02%. Preferred and common stocks are 39.06%, real estate 9.26% and mortgage loan .66%. Total assets are \$3,447,196.

The strength of this company has been thoroughly proven in its 68 years of continuous service to agents and policyholders.



ALEXANDER HAMILTON

It was he who from 1789-1795 as first secretary of the treasury under Washington organized that department. His keen analytical mind enabled him to diagnose and visualize the nation's financial problems far in advance and suggest remedial measures which were remarkably successful. The basis for many of our present taxation methods is attributed to Hamilton. He was an enthusiastic nationalist who was always striving to strengthen the union. Feeling others could now handle the treasury department he resigned in 1795 to practice law. He became the dominating factor behind the Federalists party which opposed the Jeffersonian principles. On July 12, 1804, Hamilton died from a wound inflicted the day before in a duel with Aaron Burr.



LARGE ENOUGH
To write lines liberally

SMALL ENOUGH
To give individual attention

YOUNG ENOUGH
To grow by giving service

OLD ENOUGH
To have profited by experience

The Eureka-Security Fire and Marine Insurance Company

Established 1864

CINCINNATI, OHIO



United States Congress power to regulate the business of insurance?

"Is there anybody in the business or among the state supervising officials who is an authority on agents and brokers and solicitors qualification and license laws? Who knows what the various state laws are? Whether the law of a given state is good or bad and if it is good why it is good and if it is bad why it is horrid?

"Would it be practical and economical to qualify agents and brokers and grant them a perpetual license during good behavior with a very simple renewal blank after the first qualification year?

"Does greed for business control the appointment of the wrong kind of agent, that is one who controls a certain amount of premium income but who may be wrong by general reputation, character or lack of experience?

"Can the standard fire policy be improved upon and simplified? Can it be made uniform for all states? Is it possible to draw a single page policy covering the assured for every hazard the company is authorized to write? Would there be a ready market for such a policy? Would it make for economy and stability and remove the opportunity for wasteful twisting of business if policies remained in force from the date written until canceled with the premium payable annually in advance, with a specified reduction of premium upon renewal after the expiration of the first year and a like reduction for several years until the premium reflecting these savings reached rock bottom?

Drafting Best Law

"Are resident agents' laws a good thing for the business? How many states have them? Is there any uniformity? Is anyone giving any thought to the drafting of the best law which can be devised on that subject? Can one be drawn which will satisfy both agents and companies?

"Has automobile insurance reached maturity? If so, is it possible to solve the problem of automobile fleets on a basis fair to companies, agents and assureds?

"Should there be a graduated scale of commissions and brokerage for workmen's compensation risks and surety bonds, for example, where the premium runs into large amounts of money?

"What should be the attitude of the insurance business regarding the present trend in experimental socialism with the accompanying agitation of unemployment insurance, old age pensions and similar schemes which are not insurance at all but are being called insurance merely because they must have a certain amount of actuarial and statistical foundation?

"Should not the insurance business assume the responsibility of meeting this situation with an iron hand albeit maybe encased in the velvet glove of expediency?

How About Compensation

"Should workmen's compensation, for instance, be conducted at a loss whether to private enterprise or under philanthropic political control?

"Are mutual and reciprocal exchanges under the statutes subject to the same supervision and regulation applying to stock companies or are they encouraged in competing on a basis made artificially favorable to them and unfavorable to their competitors?

"Are purely mutualistic enterprises which discourage private initiative indulged in or encouraged by stock company interests?

"Is there adequate investigation of losses at present? Is the cost of insurance to honest policyholders increased by reason of careless and too lenient payment of losses under doubtful claims?

"Has bigness or greatness proved a success or a failure in insurance administration? Is the trend toward decentralization in the future?

"Would it be a good idea to have rating uniformity so far as basic and fundamental rules are concerned the

Presided



THEODORE L. ROGERS

T. L. Rogers of Little Falls, N. Y., president of the New York State Association of Local Agents, presided this week at the annual meeting at Syracuse.

country over? Can we satisfy individual owners with far flung properties of similar character that the various rating bodies should be independent in action and jurisdiction so far as rating methods are concerned?

Importance of Affiliation

"If consistency is a jewel, will we all wear diamonds when a company is either affiliated or non-affiliated the country over and does not have a different classification in the various company jurisdictional areas?

"Is bureaucracy in the insurance business becoming as serious as bureaucracy in government?

"Should fire insurance companies and agents extend practically unlimited credit to the assured or to brokers? The matter of credit is one of the most important before the business, particularly in these times.

"Would not the public have more respect for the business of insurance and would it not be plain common sense and make for real economy if all policies provided as part of the contract for automatic cancellation if the premium be not paid in 30 days?

Financing Premiums

"Does the business of insurance require a plan for the installment payment of premiums? Does such a plan cheapen the business and place it on a washing machine basis?"

Prudential Will Continue

Under an arrangement effective May 1 all business written by the Prudential Fire of Oklahoma City is automatically reinsured 100 percent in the Liverpool & London & Globe. The former company, formed in 1928 and possessing a capital of \$250,000, will continue to operate independently and under the direction of its president, T. E. Braniff.

C. W. Sherwin

The Agricultural has decided to consolidate the Kansas and Oklahoma field with Missouri. It has turned over the entire territory to Special Agent C. W. Sherwin, who has represented the company for a number of years. He will continue his headquarters in Kansas City.

The Southern Home of Charleston, S. C., has been licensed in California with Spears & Co., Los Angeles, as general agents.



PERSONAL BELONGINGS

WHEN you hear of someone in your community planning to take a trip, the thought naturally comes to mind that he should be protected with a Personal Effects policy in the Franklin. But this kind of policy is not designed solely for the protection of baggage. It may be secured on an annual basis to include wearing apparel wherever it may be outside the permanent residence of the assured, also clothes sent to the laundry or personal belongings left at the golf or athletic club. ¶Now is a good time to push this popular and useful coverage.



The FRANKLIN
FIRE INSURANCE COMPANY
of PHILADELPHIA

421 WALNUT ST.

PHILADELPHIA, PENN.

Vermont Association Holds Its Semi-Annual Convention

I. M. BOARDMAN GIVES REPORT

T. C. Cheney, Chairman New England Advisory Board, Arranging for Conference on Highway Safety

BRATTLEBORO, VT., May 25.—The Vermont Association of Insurance Agents held its semi-annual meeting here this week with I. Munn Boardman of Burlington, president, in charge. He said at this particular time the thinking agent appreciates the value of cooperation through his trade association. He said that one of the biggest problems confronting agents is that of reduced commissions. He advised members to withhold acceptance of commission cuts on any class until conferences had been held by the proper committee of the National Association of Insurance Agents with a similar company committee. He deprecated the growth of the branch office system and the failure to provide agents with advance information on rate increases. He supported the move for automatic cancellation for non-payment of premiums.

Rates on Fiduciary Bonds

President Boardman referred to the increase in rates on fiduciary bonds, quoting a letter from the insurance commissioner stating that the increase was not approved. He said that the Vermont association investigated the rates on probate bonds and found that the Towner Rating Bureau is not only classifying Vermont with other states which had a bad experience but is also putting probate bonds in with less profitable classes. Mr. Boardman said that rate adjustments are inevitable and a drastic rate increase is sometimes necessary but he declared the practice of company organizations in promulgating instant rate increases without advance information to agents creates an unsatisfactory and distressing situation.

Antagonized One Insurance Group

He referred to the situation in Congress, saying that representatives must be persuaded to face the fact that already overburdened taxpayers cannot assume additional burdens. President Boardman criticized the University of Vermont extension service in calling the attention of farmers to cooperative fire insurance. He said that he was able to persuade the director of the extension service that it did not become a publicly supported institution to point the way to farmers as to any class of insurance, when by so doing he was antagonizing another body.

T. C. Cheney of Morrisville, Vt., chairman of the New England advisory board of the New England Associations of Insurance Agents, stated that his board is endeavoring to arrange a meeting for some time in June for its conference committee, the motor vehicle commissioners of New England, a committee from the American Legion with A. W. Whitney and Mr. Hall of the National Bureau of Casualty & Surety Underwriters to get a movement going in New England to reduce automobile accidents. National councillors of each New England state are now members of the New England advisory board.

Outstanding Features

Business of today by a life company executive, an optimistic outlook based on "yesterday's lessons" from a casualty company executive and the highway safety problem from the viewpoint of a National Bureau executive, were the outstanding features of the meeting. Over 50 agents and field men were in attendance, with golf furnishing the entertainment during the early hours and a banquet and lawn concert by the Brattleboro High School band closing the evening.

To Confer Again Soon on Uniform Agency Contract

DETROIT, May 25.—A second conference of the joint committee on standardization of agency contract forms will be held either in New York City or Detroit shortly, says Raymond Waldron, vice-president Detroit Fire & Marine and chairman of the committee, which is made up of representatives of the Western, Eastern, and Southeastern Underwriters Associations and the National Association of Insurance Agents.

A tentative standard form was prepared by the committee in a ten-hour session in Detroit in January and has been submitted to the officers and directors of the organizations mentioned for criticism. Each of these associations has referred the document back to the joint committee with suggestions and recommendations.

At the forthcoming conference the suggestions and recommendations, offered both by insurance men and attorneys, will be taken up and Mr. Waldron hopes to have the instrument in that shape that it may be presented to the associations for definite action.

The following was the one resolution adopted: "Resolved, It is the sense of this meeting that the National Association of Insurance Agents request its members to withhold acceptance of commission cuts on any class of insurance until conferences have been held by the proper committee of the National association with a like company committee and the former is convinced that such reduction is reasonable and proper."

Congratulations were also sent the New York state association upon the holding of its golden anniversary meeting in New York state this same day.

Life Executive Spoke

Dr. John M. Thomas, vice president of the National Life of Vermont, speaking on the impressions of a novice in the business, declared he felt the agents should feel the greatest satisfaction in being in a business which had stability and permanence for its outstanding characteristics, characteristics not to be found in hardly any other business which could be named. He believed life insurance to be in an impregnable position today, notwithstanding conditions. He believed the life companies had made no mistake in their small holdings in common stocks and would suffer no impairment from this source.

A. W. Whitney, associate general agent of the National Bureau of Casualty & Surety Underwriters, spoke on highway safety and urged the interest of the insurance men in the field in the work. He was followed briefly by Motor Vehicle Commissioner Charles T. Pierce of Vermont. Thomas C. Cheney of Morrisville, chairman of the New England advisory board, spoke of the work of that organization and of the July convention at Bretton Woods.

Philadelphia Presidents Guests

PHILADELPHIA, May 25.—Philadelphia company executives will be guests of the Penn pond of the Blue Goose at its June 1 meeting here. The guest speaker will be Paul L. Haid, president Insurance Executives Association. Among those who have accepted invitations are C. H. Holland, formerly president Independence Indemnity, who will act as toastmaster, President Remak, State of Pennsylvania; President Freeland, president Lumbermen's; President Lane, Fire Association, Vice-president Kremer, North America. W. A. Munns of the Public Indemnity is chairman of the committee arranging the program.

Hunt & Chappel, Greenville, Miss., has succeeded the Hunt & Robertshaw agency. Simpson Chappel has purchased an interest in the agency. He has been office manager for seven years.

Ridge Considers Commissions Most Vital Topic This Year

ADDRESSES ARKANSAS AGENTS

National Association Executive Committee Says Public Education on Acquisition Cost Is Needed

One of the most vital and bothersome subjects facing agents today is the tendency of boards and bureaus to reduce agents' commissions and thereby to lead the public to believe that the acquisition cost factors of rate-making have reached the point where such action was necessary, T. S. Ridge, Jr., of Kansas City, member of the executive committee of the National Association of Insurance Agents, told the Arkansas association.

He said the term "acquisition cost" is ambiguous and leads the public to believe that agents in the past have received the entire amount of what is commonly known as acquisition cost.

Need Education on Point

It is high time, according to Mr. Ridge, that a system of education of the insurance buying public be adopted, so that agents at least can justify the remuneration they receive and show that the percentage of increase in their compensation on the individual risk is much less today in proportion to the increased costs that have occurred in all lines of business than it ever has been in the past.

He quoted figures relating to compensation rating in a state where companies have sought to reduce commissions due to high acquisition cost, explaining that there are five factors or allowances granted by various states in making up acquisition costs. For the year 1930 these were in the state cited:

Claims—state allowance 8 per cent, actually spent 10.5 percent; inspections—state allowance 2.5 percent, actually spent 2.9 percent; general administration and audits—state allowance 9.5 percent, actually spent 10 percent; taxes, licenses and fees—state allowance 2.5 percent, actually spent 2.2 percent; production cost—state allowance 17.5 percent, actually paid to agents 18.3 percent.

He pointed out that on claims, inspections, general administration and audits, duties solely under direct supervision of the companies, an excess of 3.4 percent in total acquisition costs arose. In production costs (the agents' commissions), the agents received 8/10 of 1 percent more than the allowable amount, and he said if the 3/10ths of 1 percent saving in taxes, licenses and fees, traceable directly to the agents rather than company executives or their efforts, be deducted from the 8/10th of 1 percent extra on commissions, the agents received actually one-half of 1 percent more than they should have been paid.

Plans for General Agents Meeting

President J. K. Shepherd of the American Association of Insurance General Agents announces that Manager James A. Beha of the National Bureau of Casualty & Surety Underwriters, will address the annual meeting of the general agents at Hartford, June 7. It is also expected that Paul L. Haid, head of the Insurance Executives Association, will be present and speak. Two other speakers will be President Edward Milligan, Phoenix of Hartford, and Insurance Editor W. S. Crawford of the New York "Journal of Commerce."

Warner Goes to Home Office

United States Manager Harold Warner of the Royal and Liverpool & London & Globe group sailed on a five weeks trip to the head office in Liverpool.

Finlayson of Canada in Warning as to Dividends

TRUE BALANCE SHEET ASKED

Before Taking Action, Companies Should Estimate Assets at Actual Value, Superintendent States

Superintendent Finlayson of Canada has sent to fire and casualty companies, a memorandum requesting that before dividends to stockholders are paid, a summary balance sheet based on current market values be forwarded to the insurance department. Superintendent Van Schaick of New York, it will be recalled, recently sent out a note warning as to payment of dividends:

"Sections 125 and 132 of the insurance act," Mr. Finlayson wrote, "provide that companies subject thereto shall at all times maintain assets to a value at least 15 percent in excess of their total liabilities. These sections further provide that no dividend shall be paid by any such company while its capital is impaired or while its assets are less than the amount so required to be maintained, nor shall any dividend be paid which would reduce its assets below the said amount or impair its capital."

"It is particularly necessary at the present time that companies should have regard to the provisions of these sections before declaring dividends, as, for the purpose of such declaration, the assets of the company should be estimated at their actual market value."

"The department would suggest that before any further declaration of dividends is made by any company a summary balance sheet be prepared in which the assets are taken into account at actual market values, and that such summary statement be forwarded to the department for its information and files."

Thiemeyer Now Superintendent

K. P. Thiemeyer, formerly special agent for the American of Newark in Minnesota, has been appointed superintendent of agencies in charge of mercantile underwriting in the western office in Rockford, Ill. Minnesota field men tendered him a testimonial dinner. Mr. Thiemeyer entered a local agency as clerk in 1901; in 1902 entered a law office in Milbank, S. D., where he remained until he returned to Owatonna, Minn., in 1906. He started a local agency, and in 1908 purchased one of the oldest agencies in the city. He was appointed special agent for the American in 1914. He was elected president of the Northwest Insurance Club upon its organization, and served two terms. He also was chairman of the executive committee of the Minnesota Underwriters Association (Western Underwriters Association Field Club) two terms.

Mrs. Henry Zweig Dead

Mrs. Henry M. Zweig, wife of the senior member of the firm of the agency of Zweig & Smith of New York City, died this week at her home after being ill for some time. The interment will be made at Breymer, Mo., her native home.

W. F. Sweazea's Son Weds

Paul Sweazea, son of W. F. Sweazea, manager of the Chicago metropolitan department of the North British & Mercantile, was married to Ruth Mearns at the Kenilworth Union Church. Paul Sweazea has been employed for the past year and a half as assistant sales manager for the Shotwell Manufacturing Company.

The O. W. Rolfe Company, Milwaukee, has been incorporated by O. W. Rolfe, A. Borst and R. E. Tehan.

NEWS OF THE COMPANIES

General States Fire Program

**C. O. Talmage to Represent Omaha Company Now Being Organized—
T. W. Bass Is President**

The General States Fire, which is being organized at Omaha, is incorporated with authorized capital of \$1,000,000, divided into 100,000 shares of \$10 par value. The subscription price is \$20 per share, so that a surplus of \$1,000,000 is contemplated.

Although C. O. Talmage does not appear as an officer or director, he will be a prominent factor, inasmuch as it is proposed to have the General States Fire represented in the General States Insurance Corporation, of which Mr. Talmage is president. He will have a general agency contract for Nebraska.

T. W. Bass, Nebraska state treasurer, will be president of the General States Fire; B. E. McCague, McCague Investment Company, first vice-president; J. W. Barnhart, Barnhart Press, second vice-president; H. J. Andrews, assistant secretary; J. C. Cornell, treasurer; and these directors: J. B. Brain, Omaha School Supply Company; A. B. Warren, McCord-Brady Company; Emil Wolbach, First National Bank of Grand Island; G. H. Wrightsman, Lumber & Investments; J. A. Gentleman, undertaker, and L. W. Trester, manager General Outdoor Advertising Company, Omaha.

The management intends to apply for membership in the Western Underwriters Association as soon as the company qualifies.

Promotions at Head Office Announced by America Fore

A number of official advancements in the America Fore organization are announced.

Frank A. Christensen has been advanced from secretary to vice-president of the fire companies in the America Fore group and from assistant to the president to vice-president of the Fidelity & Casualty.

Lamar Hill, who has been vice-president and counsel of the various companies, is now vice-president and general counsel.

J. S. King, R. F. Rieder and L. T. Brown have been advanced from agency superintendents to assistant secretaries of the fire companies.

T. E. Sullivan, who has been assistant to Mr. Hill, is now designated counsel of all the companies in the group.

Vernon Hall is elected vice-president in charge of the loss division of each of the companies. He joined the Continental as an inspector in 1909, soon thereafter being appointed special agent for Georgia. In 1921 he was called to the head office as general adjuster, a post he has since continued to fill, previous to his present advancement, with the title of secretary.

Lewis Madison Advanced

Lewis Madison, formerly assistant secretary of the Petersburg Fire, has been made secretary and manager succeeding R. W. Prichard, Jr. Mr. Prichard, who was also vice-president, retains this office. He has been in failing health for the past year or two. Mr. Madison is rounding out 21 years of continuous service with the Petersburg. He started with the company as a lad of 18.

The **Augusta Insurance Agency**, Augusta, Ga., has been formed to write only mutual insurance. J. H. Roberts is manager. W. F. Shipman, manager of the Augusta Auto Club, is connected with the agency.

St. Paul Issues New Statement

**Using Market Values as of May 14, Company Shows Net Surplus
\$11,296,769**

The St. Paul Fire & Marine, which used Dec. 31 market values in its last annual statement, and was the first company out with a statement this year, has published a new statement as of May 14, using market values of that date.

Total assets are \$28,390,476; premium reserve, \$10,565,417; capital, \$4,000,000, and net surplus, \$11,296,769.

As of December 31 the St. Paul reported unearned premiums \$10,948,566; assets \$30,510,494 and net surplus \$13,117,510. The decrease in net surplus is thus \$1,820,741. Underwriting loss was reported at \$191,625 since the close of the year. The business for the four months has been charged with the full six months dividends of \$480,000.

President F. R. Bigelow declares that the statement has been prepared with the greatest possible care. Securities have been valued by independent financial houses as of May 14. The values of stocks of subsidiary companies are arrived at by using market values for the securities owned by those companies.

"We have set up special reserve for every item concerning which there is a slightest doubt," Mr. Bigelow said. "The underwriting loss is not disturbing. January, February and March are rarely profitable months and we have had many losses lately which we feel have quite likely arisen from prevailing business and financial conditions."

The Mercury, which is a subsidiary, reported assets \$4,059,444; premium reserve \$1,726,890; capital, \$1,000,000 and net surplus \$1,030,851.

As of December 31, the Mercury had unearned premiums \$1,754,495; assets \$4,184,364 and surplus to policyholders \$2,115,364.

Merger of Two Carriers in Crum & Forster Group Up

Subject to the approval of stockholders and of Superintendent Van Schaick of New York, the Richmond and the New York State Fire, both members of the Crum & Forster group, will be merged under the title of the Richmond. Meetings of stockholders of the two companies will be held June 22 to act on the proposal.

The capital of the two companies, as of March 31, will be \$1,000,000, with surplus at market values of \$596,000, according to the announcement. The capital of the consolidated company will consist of 200,000 shares of \$5 par value, which are to be exchanged at the rate of 1.384 shares for each share of the present \$10 par value of the Richmond and 1.232 shares for each share of the present \$10 par value of the New York State Fire.

The Richmond was started in 1836 as the Richmond County Mutual of New York. Its charter expired in 1906 and was renewed by a special act of the legislature. In 1907 it was reincorporated as a stock company.

The New York State Fire was started in 1921, being a reorganization of the Mutual Fire of Albany which began business in 1836. In 1930 it was merged with the Union Fire of Buffalo.

N. D. Smith of Louisville has been named vice-president of the First Kentucky Fire, subsidiary of the First National Bank and Kentucky Title Trust Co. of Louisville. He has been manager of local branches of several large stock brokerage organizations.

The **Boulevard Agency**, Detroit, has been incorporated by C. C. Winters, Charlotte A. Winters and Ivan D. Peat.

Way Down South and The Dixie



The World's Largest Airport

PHOTO BY U. S. ARMY AIR SERVICE

SHREVEPORT Louisiana

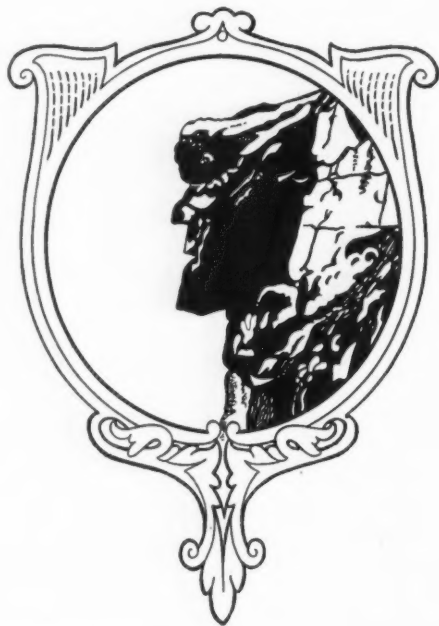
IN 1835, Captain Henry Miller Shreve came up the Red River in his snag boat and landed at a point about 18 miles from the Texas line, founding a settlement known as Shreve's Landing. In 1837 this area was ceded to the United States by the Caddo Indians, and in 1839 the City of Shreveport was chartered. In 1862, it was occupied by the Confederate officials of the State, and in 1864 it was the objective of combined land and naval expeditions of Union forces. Development of the oil and gas resources of the region began in 1906.

Today, Shreveport is the second largest city in Louisiana, with an area of 19.31 square miles. Petroleum products are its leading industry, followed by cotton seed oil, fertilizer, feed and steel. There are, in all, 150 different manufactures, with an annual output of over \$50,000,000. Seven railway systems serve this fine city, which is a distributing center for over one hundred wholesalers and jobbers.

Shreveport is one of the leading aviation centers of the Southwest, having a fine \$300,000 municipal airport. In addition, the United States Army Air Corps, Third Attack Wing, will be housed at Barksdale Field in October. This airport, when completed, will cost \$8,000,000. The landing field is three miles long and one and one-half miles wide, making it the world's largest airport.

The DIXIE
FIRE INSURANCE COMPANY
Greensboro, N. C.
Organized 1906
ONE OF THE AMERICAN GROUP

NEW HAMPSHIRE FIRE INSURANCE CO. MANCHESTER, N.H.



SIXTY-SECOND ANNUAL STATEMENT

January 1, 1932

Assets

United States Bonds.....	\$ 3,240,750.00
State and Municipal Bonds and Stocks.....	11,947,166.38
Canadian Bonds, Government and Municipal.....	280,980.00
Foreign Bonds	111,750.00
Real Estate	362,750.00
Agents' Balances	810,628.25
Accounts Receivable	224,469.79
Cash in Banks.....	471,765.15

\$17,450,259.57

Liabilities

Capital Stock	\$ 3,000,000.00
Unearned Premium Reserve.....	4,974,184.57
Reserve for Losses.....	614,062.85
Reserve for Taxes and Other Liabilities.....	338,374.86
Reserve for Dividends Declared and Unpaid.....	150,487.94
Reserve for Market Fluctuations.....	\$2,325,343.00
Surplus, Dec. 31, 1931, Values.....	6,047,806.35

Surplus, Convention Values..... 8,373,149.35

\$17,450,259.57

NOTE: Bonds and Stocks at Insurance Commissioners Convention valuation.

AFFILIATED COMPANY

Granite State Fire Insurance Company
Portsmouth, N. H.

AS SEEN FROM CHICAGO

COATES VISITS IN CHICAGO

C. H. Coates, formerly western manager of the National Liberty and later vice-president at the head office in New York, has been in Chicago for a number of days visiting his son at Wilmette, Ill.

* * *

DEATH OF F. S. SPENCER

F. S. Spencer, who for many years was assistant manager of the Chicago city department of the old Phenix of Brooklyn when O. C. Gay was manager and then succeeded Mr. Gay, continuing when the name of the company was changed to the Fidelity-Phenix and became part of the America Fore group until one joint manager was appointed, died the other day. He had been since that time on the pension roll and living in Oak Park.

* * *

YOUNGBERG-CARLSON MOVE

Youngberg-Carlson Company, agency in existence about eight years as a general agency and about 20 years in the brokerage business, June 1 will move from Room 1362, Insurance Exchange, Chicago, to Room 638 in the annex. The present quarters have been occupied about three years.

* * *

ADJUSTING COMPANY CHANGE

The C. & W. Adjusting Company of Chicago, independent adjusters having a contract with the Central States Motorists to do the adjusting for that company on the basis of a percentage of premiums, has been incorporated and changed its name to the Middle States Adjusting Company. It has moved from A-838 Insurance Exchange to A-1632 the same building, in more commodious quarters. There has been no change in control, however. B. E. Coffey of Peoria is secretary and M. V. Drake, Chicago office manager and attorney.

* * *

VERNOR REVIEWS FIRE PREVENTION

Richard E. Vernor, of the Western Actuarial Bureau, is author of a comprehensive article "Developments in the

Field of Fire Prevention," which appears in the May issue of the Annals of the American Academy of Political and Social Science. The May issue was edited by Dr. S. S. Huebner of the Wharton school of finance of the University of Pennsylvania.

Mr. Vernor has undertaken to recapitulate all the existing fire prevention machinery in one article. He tells about government activities, including federal, state and local; about private activities, including the National Fire Protection Association, National Fire Waste Council, agricultural committee, inter-chamber fire waste contest, fire service extension committee and then about the insurance machinery, including the National Board, Underwriter Laboratories, research laboratory of the Associated Factory Mutuals, fire prevention activities of the rating bureaus, the Western Actuarial Bureau, salvage corps, fire prevention advertising and fire prevention committee of the National Association of Insurance Agents.

"Cooperative fire safety endeavor," Mr. Vernor concluded, "is on the increase, and concrete results already in evidence justify all of the effort. Fire insurance has carried heavy responsibilities in the progress made so far, but it is becoming more and more aware of its natural fitness and obligation to make our communities safer places in which to live. The Utopia which it now spends to pay losses were all used to provide definite assurance that no loss would occur."

* * *

J. B. Muehler of the automobile department of the Associated Agencies of Chicago, with which he has been connected for six years, and before that with Fred S. James & Co. for eight years, has gone with the W. W. Vincent & Co. agency of Chicago as broker and solicitor.

* * *

Ralph E. Brown, of Marsh & McLennan has been elected president of the Sparta-Chicago Association. There are enough citizens of that thriving Illinois town in Chicago to form an association, and several of them are in the insurance business. Mr. Brown's father is a banker and local agent in the home town.

Second Term for C. W. Bailey Sure

(CONTINUED FROM PAGE 5)

that degree. Should it be decided to elect as chairman of the executive committee this year a foreign company manager, those eligible include Gilbert Kingan, London & Lancashire; F. W. Koeckert, Commercial Union; Gayle T. Forbush, Royal Exchange; Percival Beresford, Phoenix Assurance, and C. E. Case, assistant manager North British & Mercantile. Mr. Beresford served several years as chairman of the committee and later as vice-president of the board, subsequently declining to consider the presidency.

In view of the abnormal conditions now obtaining in the fire underwriting field and in economic affairs generally, the gathering Thursday is sure to prove of exceptional interest and the address of the president and reports of the different standing committees will doubtless be followed with the closest attention. As president of the Fire Companies Adjustment Bureau, Mr. Haid, will tell of the work thus far and of the plans for further development. In the evening many of the members will be dinner guests of Mr. Ballard at his home. These affairs have become an institution in recent years.

Iowa Blue Goose Meets

W. A. Stevens, superintendent of the Iowa motor vehicle department, was the speaker at the Blue Goose luncheon May 23 at Des Moines. He explained

the different laws and the working of his department.

Prevention Group to Meet

The annual meeting of the Iowa Fire prevention association will be held June 3 at the Chamberlain Hotel in Des Moines. R. E. Vernor, manager fire prevention department Western Actuarial Bureau, will be on the program.

Decide on Places, Dates For Summer Field Meets

A number of field clubs have settled upon the dates and places for their summer meetings, some of which are mid-year gatherings and others of which are annual sessions. The Wisconsin Fire Underwriters Association has arranged to meet at Lake Delavan, Wis., June 21. The semi-annual meeting of the Kentucky Fire Underwriters Association will be held June 16 at the Brown hotel in Louisville, at the time of the meeting of the Kentucky Association of Insurance Agents.

The Tennessee special agents will meet May 31 at Nashville. There will be a Blue Goose dinner dance that evening. The Minnesota Fire Underwriters Association has not decided upon a definite date, except that it will be the latter part of June.

The Oklahoma Fire Underwriters Association held its mid-year meeting in Oklahoma City, May 3.

The Indiana Fire Underwriters Association will meet at Indianapolis June 6.

Pearl Assurance to Write Direct

(CONTINUED FROM PAGE 5)

appropriate time for commencing business in the United States since the magnitude and the solid nature of our assets must command public confidence, and especially so when regard is held to the serious inroads which have been made in the reserves of some of the strongest financial and commercial concerns by the catastrophic falls of many security values," said Mr. Tilley.

The company has confined its operations to reinsurance in all states except for a small income from a direct reporting agency here.

Want Large City Connections

The purpose of the new management is to secure connections in the larger centers of the country such as Philadelphia, Boston, Cleveland, Chicago, St. Louis and San Francisco, planning to enter states in addition to those in which it is already licensed, from time to time. It is not intended to do a general agency business. No representation is desired in the smaller cities or towns. All fire and related lines will be written.

Formed in 1864 the Pearl transacts a large business in Great Britain and in different parts of the world, the great percentage of its writings being industrial life. It entered this country in 1927, reporting assets here at the close of 1931 of \$2,262,743, and policyholders surplus of \$1,231,373. Its premium income last year was \$594,035.

New Manager Well Known

The United States representation was secured by Messrs. Stevens & Hopps during their visit to London last October, details being concluded when Chairman George Tilley and two associate directors arrived here some days ago. The head office officials will probably return to England next week. Mr. Stevens is one of the best known brokers of this city, having for years been head of the firm of Cornwall & Stevens. While controlling a desirable general business the firm has long specialized in the placement of cotton seed oil mills, handling the great majority of such risks in the country. In addition they direct the coverage on many fertilizing plants in the south. In accepting the associate general agency of the Pearl for the United States Mr. Stevens retires from the brokerage firm, his interest therein being taken over by his son, L. H. Stevens.

Mr. Hopps previously had an executive contract from the National Union Fire under the E. E. Cole regime, and before that was vice-president of the American Merchant Marine.

Reduction in Capital and Its Real Significance

(CONTINUED FROM PAGE 3)

companies. Their stocks and bonds appreciated, especially standard stocks. The profits from appreciation in securities were large. Dividends were increased, stock dividends declared and insurance stocks were regarded as excellent investments. The cutting down of capital places the companies in a position where they will be more normal so far as their financial ballast is concerned.

Reduction Means a Readjustment

The reduction in capital does not indicate that there is anything radically wrong with the financial set up. It is a readjustment to meet the conditions of the times especially where too much capital has been put in the business. Take for instance foreign companies operating in the United States. Their deposit capital is only \$200,000. If therefore their surplus runs down to a point where they feel more money is desired, additional funds are sent from home of-

fices. Where the surplus runs up beyond a point that the management thinks is reasonable, money is sent to the home office. This is therefore an automatic adjustment of surplus that can be made without legal machinery. Stock companies organized under the United States laws have to go through more detail in order to make this readjustment.

Instead of reducing capital and adding it to surplus a company might call on its stockholders by assessment to increase the capital and surplus or either one. Executives undoubtedly feel that now is an inopportune time to make a demand on stockholders. The capital of

some companies is probably too large. If it was too great for premium income of five years ago it certainly is too great for a much less premium income today. Furthermore a large number of stockholders are not in a position to meet an assessment. The logical way therefore is to transfer the capital reduction to surplus because after all it is the amount of free surplus that counts more than anything else in an insurance company.

Sprague Is Elevated

The appointment of M. E. Sprague as assistant manager of the service de-

partment of the Home of New York in charge of production is announced by President W. Kurth. Originally with the Grinnell Sprinkler Co., Mr. Sprague was subsequently with the New York Fire Insurance Exchange. He joined the Home staff as special agent in its service branch two years ago.

W. C. I. U. A. Annual Meeting

The annual meeting of the Western Canada Insurance Underwriters Association, including the fire branch and the automobile branch, is to take place at Minaki, Ont., June 21.

ARE YOU CONTENTED WITH YOUR PREMIUM INCOME?



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VIEWED FROM NEW YORK

By GEORGE A. WATSON

IDUNA GERMANIA CHANGES

Carl F. Sturhahn, president of the Iduna Germania, has retired from the board of the Iduna Germania. Managers Dr. E. Schmidt and Dr. F. von Leberman have also resigned, as well as Directors L. L. Lemieux and F. Erdmann.

* * *

GETS NEW ZEALAND COMPANY

The Sun of London appears to maintain its steady progress despite disturbed conditions in various parts of the world. It has practically acquired the whole of the shares of the Mercantile & General of Wellington, N. Z., under an equitable deal with the present shareholders who get a cash return almost equal to 100 percent of their shares at present par value, besides being released from potential liability upon the uncalled portion of the capital stock. The Mercantile & General of New Zealand has no relation to the exclusively reinsurance company of the same name in London. For a few years past the one in Wellington has limited its business to fire and accident lines in New Zealand and Australia.

* * *

VALUATION COMPROMISE VITAL

One of the important insurance executives, who is a student of the investment phase, expresses the opinion informally that any compromise in the basis for valuation of securities for purposes of the mid-year statement, should take into consideration book value, earnings and dividends. This executive feels that a liberal compromise must be reached, that the greatest consideration must be shown those companies, which have taken steps to put their houses in order, either by reducing capital, omitting or reducing dividends, cutting salaries and other expenditures, and improving the character of their business. He feels that to apply the measuring rod of current prices to insurance companies would be disastrous and that if this were done to insurance companies, there could be no excuse for not doing it to banks.

This executive believes that it was unfortunate that values as of June 30,

1931, were used as the basis of the annual statements. The permissible values, he feels, should never have been designated as anything else but average. By using June 30, 1931, figures, companies are now nominally in what appears to be an unjustifiable condition. The basis is decidedly anachronistic.

The new valuation formula, he feels, would be perfectly realistic if it were based on the factors of book value, earnings and dividends. Eight times earnings has always been considered a conservative estimate of the value of a stock and if this factor were applied to the earnings over a period of five years, for instance, he feels that the valuation that would be put on stock would not be excessive.

* * *

REPLIES ON VALUATIONS

Thus far the commissioners of 15 states of the Union and of two Canadian provinces have acknowledged receipt of the communication proposing a number of basic changes in the existing methods of investing funds of fire and casualty companies, addressed them by I. E. Tanenbaum, an investment counsel of New York. Without an exception the governing officials expressed themselves as being sympathetic with the general ideas set forth, promising to give the subject close study. By one state only was the concluding recommendation of Mr. Tanenbaum, viz., that in return for the acceptance by the underwriting corporations of the suggested rules relating to investments, they be allowed a flat 10 percent rate increase, rejected. With the near approach of the semi-annual statement period the matter of security valuations to be allowed by the commissioners, engages the most earnest thought of company officials. All appreciate the effect any decision thereon will have upon their organizations.

* * *

VAN SCHAICK TO SPEAK

G. S. Van Schaick, New York, superintendent of insurance, will be the chief speaker at the meeting of the Fire Insurance Examiners Association at the Drug & Chemical Club, on the evening of May 31.

CHANGES IN THE FIELD

McMeans Goes to Head Office

Well Known Tennessee State Agent of Crum & Forster Company Succeeded by J. L. Caldwell

H. B. McMeans, who has been state agent in Tennessee for the Crum & Forster companies for the past seven years, has been called into the southern department office at Atlanta to assume an important position in the underwriting department. He has been in the field for many years, traveling in Texas and other southwestern states before going to Tennessee. He started in the business in a local agency in Dallas.

J. L. Caldwell, who traveled Mississippi for several years for the Crum & Forster companies, has been appointed successor to Mr. McMeans as Tennessee state agent. He will have headquarters at Nashville.

Fred A. Halbig

Fred A. Halbig, who has been traveling the northern Illinois field for the Fidelity & Guaranty Fire for several months, has been recalled to the home office as an examiner. Mr. Halbig was an examiner at the home office in Baltimore before undertaking the field work in Illinois. A successor has not been appointed.

Trickey Goes to Tennessee

St. Paul Fire & Marine Will Shift State Agent H. A. Amonette of Nashville to Another Territory

The St. Paul Fire & Marine and Mercury, which is transferring State Agent H. A. Amonette of the Tennessee field to another territory, is shifting H. R. Trickey, special agent in Virginia to Tennessee to succeed Mr. Amonette. Mr. Trickey has been associated with State Agent J. A. Belmeur for the last two years. He will move with his wife and two boys to Nashville during the next two weeks. Mr. Belmeur will look after the St. Paul interests alone for the time being in Virginia.

No Successor to E. P. Davis

A successor has not been appointed to succeed E. P. Davis, special agent for the North America in eastern Iowa, who died last week. The North America has two other Iowa field men and they will handle the state.

T. A. Butler

T. A. Butler, newly appointed special agent in eastern Pennsylvania, Maryland and District of Columbia for the Tokio and the Standard of New

York, previously traveled the territory for the Universal of Newark, before that in turn having been special agent in central Pennsylvania for the Hartford Fire. His underwriting career began at the home office of the last named company.

A. H. Behrens Transferred

A. H. Behrens, who has been traveling Ohio for the Alliance, has been transferred to the engineering department of the North America companies at Omaha. Mr. Behrens was assigned to the Ohio field after having been attached to the engineering department of the North America at Chicago. Responsibility for the Alliance in Ohio is being divided among the other North America field men in that state.

Arkansas Agents Reelect Silliman

(CONTINUED FROM PAGE 8)

groups, is functioning in every detail. The newly elected group chairmen have appointed county chairmen and the organization can function state wide with a few minutes notice, he said. This will be useful in handling legislative problems, especially.

Local boards, he said, are the answers to the collection problems, overinsurance, undesirable business and curtailment of fire losses. Group 6, he said, is undertaking to organize a local board in every town with three agents or more.

Mr. Silliman suggested that the national councillor be elected for a period of five years. That officer, he said, can serve the association better each succeeding year as he is then entirely familiar with the program and the workings of the committee.

Mayor Leo McLaughlin and Will F. Lake, chairman Hot Springs local board, welcomed the gathering and

Wainwright Martin, Texarkana, responded.

W. R. Arendt, manager of the Retail Credit Bureau, Little Rock, told of the need for credit cooperation. T. S. Ridge, Jr., Kansas City, member executive committee National Association of Insurance Agents, said that the tendency to reduce agents' commissions is a vital problem today.

Frank E. O'Brien, assistant agency director Fidelity & Casualty, told how the public makes its own automobile insurance rates. The responsibility for the rates in any locality rests directly upon the residents and is not controlled by the companies, he said. Thus the enforcement of intelligent traffic rules and regulations is of great benefit to citizens. Tribute was paid by Mr. O'Brien to the American agency system and he urged all agents to take an active part in the constructive work of the National association.

Agents' Loss Duties Given

An exhaustive talk on "The Agent and the Loss," was given by L. V. Martin, general manager Insurance Adjustment Company of Little Rock. He outlined the agent's duties and obligations when issuing policies and before a loss occurs and the agent's rights and duties after a loss occurs. He also gave some suggestions regarding an educational program which would tend to aid the insurance business as a whole.

Mr. Martin urged the necessity for considering every policyholder as a potential claimant and to write his policies accordingly. The agent should give the loss data carefully in his daily report, as the adjuster must rely on such reports in making settlement and if errors are detected the adjustment is delayed.

Assureds often violate the provisions of a policy because they do not know all about it. Therefore, it is the duty of the agents to familiarize themselves with the provisions of the standard pol-

icy so that they can protect their policyholders' interests.

"Use your influence to assist an honest claimant in securing a fair and equitable settlement but do not back him in any unreasonable claim," Mr. Martin said. "In many instances when an assured feels that an agency is not in sympathy with his efforts to secure a larger amount of money than he is entitled to, he will accept a reasonable adjustment and become a satisfied customer of the agency. Whereas, if the agency adopts the attitude of encouraging excessive claims by failure to take a definite stand, the assured is encouraged to believe that he is entitled to a larger amount of loss under his insurance policy, even though he knows the adjuster is offering to make a liberal payment and the agent invariably makes an enemy and hurts the business of insurance."

Mr. Martin advocated the statewide movement of the Arkansas association to repeal the valued policy and the 12 percent penalty and attorney's fee laws.

Agents Often Negligent

Mr. Martin told of asking a justice of the state supreme court why he did not recognize the dishonesty in cases against fire companies. The justice replied that in most cases there was such gross negligence on the part of the insurance agent to offset and justify the action of the crooked assured. This brings out the importance of inspection of all property before the agent writes the policy and guarding against over-insurance.

The officers reelected were: W. E. Silliman, Camden, president; M. F. Block, Paragould, vice-president, and C. C. Mitchener, Marianna, secretary. Executive committee: Mr. Silliman, Mr. Block, L. R. Martin, Pocahontas; Ronald Gardner, Fort Smith; W. E. Miller, Little Rock; W. E. Martin, Texarkana; Harry Knight, Forrest City, and Pinchback Taylor, Pine Bluff.

Secretary C. C. Mitchener of Marianna in his report as treasurer showed

total receipts \$4,072, disbursements \$3,822. The membership is 242 as compared with 293 a year ago. The association has outstanding obligations of about \$900. According to the five year plan of the National association, Arkansas should have 188 members at the end of September. It is one of ten states that have gone above the quota assigned.

Mutuals Win Out in Hearing on Tax Bill in U. S. Senate

WASHINGTON, D. C., May 25.—Following allegations last week by representatives of the mutual insurance companies headed by A. Victor Gruhn, secretary American Mutual Alliance, that amendments to the pending tax bill by the senate finance committee were so indefinite and vague as to offer potential difficulty in interpretation, the finance committee today recommended the elimination of those amendments, which was agreed to by the senate.

The effect of this action is to leave the present law effective with respect to mutuals. The finance committee had provided changes in the deduction provisions whereby premium deposits retained for the payment of losses, expenses and reinsurance reserves were eliminated and provisions made instead for "a reasonable net addition to reinsurance reserves." A hearing was given a delegation headed by Mr. Gruhn behind closed doors, at which the whole question was thoroughly canvassed.

Bergen County Campaign

The Bergen county (N. J.) agents have launched a "save-a-life" campaign enlisting the cooperation therein of 19 organizations in a determined effort to reduce the number of automobile accidents within the territory.

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Offer the facilities of Branch Office service for the convenience of AGENTS and BROKERS at the following strategic locations, each servicing surrounding territory:

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1717 First National Bank Bldg.,
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210 Continental Bank Bldg.,
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LOS ANGELES

200-724 South Spring St.,
D. R. SESSIONS, Resident Vice-President

MILWAUKEE

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C. M. LATTI, Manager

NEW ORLEANS

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J. J. GREVEMBERG, Manager

NEW YORK

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R. S. CHOATE, Resident Vice-President

PHILADELPHIA

329 Walnut St.,
J. R. HUGHES, Manager

SAN FRANCISCO

301 Adam Grant Bldg.,
GEO. E. ADAMS, Resident Vice-President

SEATTLE

518 Skinner Bldg.,
J. R. LAWSON, Manager

INSURANCE ON AUTOMOBILES EXCLUSIVELY

SINCE 1911

When SMALL type becomes a BIG issue

THAT'S after a loss when your assured realizes that the words in small type in his policy which he did not read explain the co-insurance clause AND instead of having insurance to cover his loss, under-insurance stares him in the face making him liable for considerable of the loss.

The necessity of your assureds keeping their insurance up to the minimum co-insurance percentage was never more important than today. The tendency is to cut costs. Cutting insurance premiums seems to many assureds an easy way to save money. Premiums are cut to what they desire to pay, disregarding whether the new premiums will buy enough protection to keep the insurance up to the necessary minimum of the co-insurance clause.

What is an Appraisal

It is a complete classified inventory of insurable property (except stock, merchandise and raw materials). Each item of property is valued at today's cost to replace new. The amount of accrued depreciation is determined and the sound insurable value is given.

Its Advantages

1st—It discovers insurable values that have long been written off the books through unscientific depreciation. 2nd—It gives the agent, the assured, and the companies value facts of property. 3rd—It makes for adequate insurance protection, for in nearly every instance it calls for additional insurance.

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Wide-awake agents, seeking a good connection are invited to address the executive office at Indianapolis.

Chicago Branch Office
A 1504 Insurance Exchange

Frank Discussion at Nebraska Meet

(CONTINUED FROM PAGE 6)

discussion and started out with the question of commission reduction. Mr. Alexander cited the history of attempts to cut commissions of agents and pointed out that agents have always felt that the question should be submitted to them for arbitration. The general sentiment is that at present the National association is powerful enough to form the logical medium through which this arbitration should be carried on.

Should Consider Other Costs

The general consensus of opinion was that in considering acquisition costs other elements besides the agent's commission should be reviewed. When acquisition costs are reduced all expenses making up the total, such as the expense of field supervision, should share the burden rather than have it all thrown onto the agent in the form of a reduction of commissions.

A talk on "What Will We Do About the Automobile Rate Situation," given by E. R. Heflin, Omaha, brought out more discussion. Mr. Heflin pointed out that the loss ratio has been consistently mounting over a period of years and that this increase was directly traceable to the four factors: more paved roads, higher speed cars, constantly increasing number of cars, and the liberality of the ordinary jury with the insurance company's money.

May Ask About Insurance

The situation in Nebraska is probably rendered more acute by the fact that the attorney for the plaintiff in an accident case in this state may ask the defendant whether or not he is insured and if so for how much. This naturally invites the jury to make the penalty the full amount of the insurance protection. Some relief for this situation might be had if this method of questioning could be prohibited by law as it is in some other states. The convention felt that the facts justified an increase in rates but that the increase made may be too drastic.

It was pointed out that education is a long and arduous road to the goal of reduced losses, but that it seemed to present the only possible solution of the present situation and the buyer of insurance must be made to realize that he is paying for this increase in loss ratio.

In answer to the question, "What Are We Going to Do to Hold Our Business?", the opinion seemed to be that the best way is to show the policyholder that he was getting just what he pays for whether he buys from a stock company at increased rates or from one of the cut-rate companies. In the first case, it was pointed out, the policyholder purchases complete coverage and a guarantee of financial stability that can not be secured in cases where the rates are reduced below the point of safety.

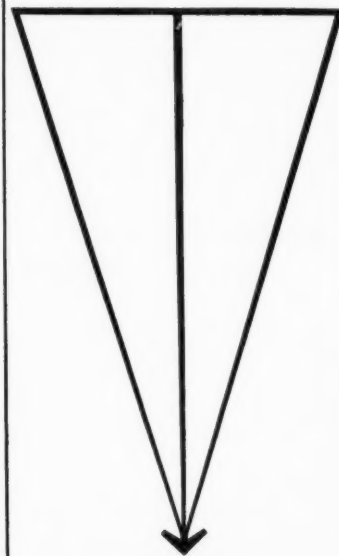
Should Talk Insurance

"Our Public Relations" was discussed by P. K. Walsh, Omaha. It was suggested that every agent should use all opportunities which present themselves for talking to groups of people and pointing out the industrial, economic, and social values of insurance, and in calling attention to the high plane upon which the insurance business is conducted.

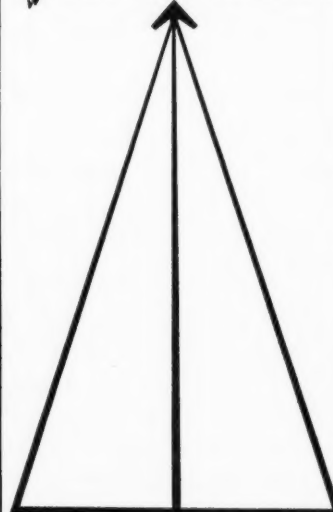
Financing of insurance premiums was explained to the convention in detail by a representative of an Omaha finance company handling this type of financing. C. E. Haatanen, resident engineer National Bureau of Casualty & Surety Underwriters, offered several helpful tips on how to apply to the bureau office for rate and other information.

Resolutions were adopted opposing the branch offices and direct selling and allegiance was pledged to companies following the American agency system. Other resolutions adopted favored reciprocity in business and paying commis-

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sions to the agents writing business on the Hoover Dam. Another resolution opposed rate increases without reasonable conferences with agents through their organizations.

It is customary to hold the annual convention in the city in which the new officers reside but since the present convention was in Omaha and the new officers from Omaha the choice of the next convention city was postponed.

Two Suggestions Made by Siebels

(CONTINUED FROM PAGE 6)

leged to pay such an agent an extra commission. I think also the extra commission plan should not stop there, but should be graded on length of service, beginning say at 15 years.

"Insurance is about the only business I know of that gives no practical recognition of long and faithful service on the part of its agents. Officers, special agents, even office employees, in fact everyone connected with the average company gets recognition for length of service, except the agent, who after all is the chief contributor to the existence of the company, but only he is today without recognition for a life of faithful service. I believe a reduction of the commission with accompanying changes proposed, would result in great benefit to both agents and companies.

"I do not believe in rules or laws to artificially or arbitrarily reduce the number of agents. I believe in the sound, if not the good, old rule of 'the survival of the fittest.' In this rule efficiency and economy of operation are the chief elements of survival.

"High commissions naturally mean more competition—more agents—and more rebating, which still further reduces the ultimate income in dollars."

Mr. Siebels told the experience of his old agency at Columbia after he gave up its operation to a manager. For 11 years bad collections cost from \$450 to \$800 a year, the latter figure equivalent to \$5,000 premiums. After change to an all cash basis, two large merchants objected to paying under 90 days and their policies were canceled. Within a year they were back on the books with large increases. For 20 years the agency has not lost over \$25 a year from bad credits. Business has steadily increased; the companies are paid in 30 days.

Mutuals Hold Conferences on Two Major Subjects

The mutuals are having a series of underwriting conferences in Cleveland this week. There was an underwriting and accounting conference of the mill and elevator mutuals on Tuesday and a general underwriting conference the next two days. Secretary C. M. Smith of the National Retailers Mutual of Chicago is chairman of the arrangements committee. Other members are John A. Buxton, vice-president National Lumbermen's Mutual of Owatonna, Minn.; Secretary J. A. Arnold, Merrimack Fire of Andover, Mass.; Secretary H. J. Helstring, Lumbermen's Mutual of Philadelphia, C. Disher, secretary Indiana Lumbermen's Mutual and H. M. Richmond, vice-president United Mutual of Boston.

Fenerty Succeeds Rareshide

Louis Rareshide, who has until May 15 been in charge of the New Orleans Underwriters Agency, has resigned and will join the National Union, supervising Louisiana and Mississippi. Mr. Rareshide has been manager of the New Orleans firm for several years and is well known in the two states. John J. Fenerty has been appointed manager of the New Orleans Underwriters, succeeding Mr. Rareshide. He has been with the agency ever since it was organized about 20 years ago.

The Knickerbocker Fire of New York has applied for license in Ohio.

Rawlings Is Again W. I. B. President

(CONTINUED FROM PAGE 4)

second, scheduled for June 22-23, would be at Lake Wawasee, Ind., at which representatives from Illinois, Indiana, Kentucky, Michigan, Ohio, Tennessee and Wisconsin would attend. As considerable advantage is derived from gatherings of this character, when special agents meet company managers, the presence of the latter, in so far as might be possible, was urged by Mr. Danforth. In line with the present program of economy the services of local secretaries, it was stated, had been dispensed with; all work in connection with the organizations now being performed by the bureau office.

The present status of litigation of common interest, particularly in relation to the Missouri rate and the Illinois tax cases, was outlined for the benefit of the members by Fred Silber, general counsel.

The reports offered by the committees on uniform forms, publicity and education and cooperation in loss adjustments, were similar to those submitted in the same connections at the annual meeting of the Western Underwriters Association at Asheville last month.

Two New Members

Two new members were admitted since the semi-annual meeting, they being Frank Greer, representing the Columbian National Underwriters, and C. J. Hock, Cincinnati Underwriters.

To the directors was left determination of the time and place for holding the semi-annual gathering in the fall. That Briarcliff will be chosen is almost certain, for of the 19 meetings of the organization, 17 have been there.

Notable among the absentees was Neal Bassett, president of the Firemen's group, and who for many years has been one of the outstanding figures in bureau councils. Mr. Bassett was unable to leave Newark where arrangements were being completed for assumption of the business of the New Jersey Fidelity & Plate Glass by the Commercial Casualty of the Firemen's group. In H. A. Clark, western manager of the companies, however, he had an able representative.

The annual gathering of the Western Sprinkled Risk Association was held, at which a review of its activities the past six months was given by Manager J. H. Patterson. The officers reelected are: President, Mr. Rawlings; vice-presidents, H. J. Thomsen, vice-president Corroon & Reynolds companies, and Mr. Crane; treasurer, F. S. Danforth; general manager, Mr. Patterson. Members executive committee: R. R. Wild, Corroon & Reynolds; Mr. Clark, E. E. Soenke, Security of Davenport; W. E. Wollaefer, Concordia; C. J. Schrup, Dubuque F. & M.; J. Marshall, Northern of New York; J. L. Leffson, Merchants of New York, and H. W. Murray, Universal.

Committee Reports Are Constructive

(CONTINUED FROM PAGE 8)

W. H. A. Munns presented his report as chairman of the conference committee with the Fire Insurance Rating Organization. He said that his committee had petitioned the rating organization for a change in the fire resistive coinsurance rule in connection with school buildings in order to meet the competition of cooperatives which are writing these properties on a sliding coinsurance scale. However, the rating organization, he said, feels that the rule making coinsurance mandatory on fire resistive buildings is correct in principle as applied to the class and that by making exception in favor of any district or any portion of the class it would be laying itself open to a charge of discrimination.

Frank L. Gardner, reporting as chairman of the committee on law and legis-

lation for the 1932 session of the legislature, paid tribute to President Rogers for his work in behalf of the agents qualification bill, the passage of which, according to Mr. Gardner, was the high spot of the year. In the future, Mr. Gardner suggested that before sponsoring legislation, every effort should be used to have the insurance business regulate itself. A conference with companies should be held before going to the legislature, he said.

Mr. Gardner said that there are too many insurance lobbyists on hand during the legislative session, representing different types of companies, different bureaus, different factors in the business. These conflicting interests, he said, do not inspire public confidence. What is needed is one man to watch the legislative mill and advise all parties interested of any legislation that is introduced, who is behind it, the apparent strength it has and what it is trying to accomplish. Then, he said, each group should make up its mind as to the position which it wishes to take and if it is a controversial measure, a conference could be held and a united stand taken.

In presenting the report of the administration, President T. L. Rogers concluded with an expression of gratification at the formation of the Insurance Executives Association and the choice of Paul L. Haid as president. "I trust

that this association will bring the companies and the agents closer together," he said. "I have felt that instead of drawing closer together for the last few years we have been drifting apart, both the fire and casualty companies making changes in rules and rates which affect the agents without consulting them in any way."

Mr. Rogers endorsed the idea of automatic cancellation for non-payment of premium and urged the New York association to get behind that undertaking.

Edward Poole delivered the report of the special committee on revision of insurance law relating to licensing of agents. The new licensing procedure, he recalled, eliminates the completion of an application for a renewal for each company represented by an agent, these renewal licenses to be hereafter issued by the department on certificates from the company. This does away with much detail work for agents and companies, he pointed out. The new law also staggers the dates on which the new licenses will be issued—licenses for fire, casualty and miscellaneous lines will be renewed March 1, and accident and health licenses Oct. 1.

Joseph H. Miller reported as chairman of the fire and accident prevention committee, and the membership was impressed with its activities.

CARRY ON

For the past 108 years the Yorkshire has been writing insurance—through good times and bad the parent organization and its subsidiaries have grown and become stronger... This record is not alone a compliment to these companies but a direct reflection of the inherent stability of the insurance business and of the agents producing that business.

Will Wright
Field Correspondent



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Day of Numerous Rumors

THIS is a day of rumors and reports. Nine-tenths of the conversation among insurance men is taken up with talk about the depression, reports about this company merging with that, another skating on thin ice, another probably cutting down its capital, another confronted with some vital problem or the other. The most fantastic rumors are afloat similar in fact to some of the reports bruited about in the Lindbergh kidnaping case. Some of these are disturbing. Some are preposterous on the face of them and yet we are prone to believe almost anything or at least feel that there must be some truth even in idle gossip. This is a typical backyard, tittle tattle era. We revel in narrating rumors.

Most of them are canards. All of them do considerable damage.

Happy is the person today who can go along with his work, cast aside all these rumors or most of them and pay attention to business. Unfortunately small talk and innuendo cause much embarrassment and are destructive. It will take years to build up what rumor has torn down. We are on the eve of insurance hysteria. May the fates save us from an insurance panic or stampede. We have had consternation among the people as to banks. If we could close down the rumor factories, Congress and the stock exchange for a period of six months, people would begin to have confidence.

Stop Those Loss Leaks!

INSURANCE companies are not justified, especially in these times, in settling losses in doing unnecessary and ultra liberal things. Loss settlements have been used as business getting devices. This is largely due to agency pressure. An agent desires to show that he is on the job and a company wants the agent to feel that it is there at all times, "bringing home the bacon." It has resulted in a number of perquisites allowed and in the aggregate they are expensive. Claims are settled with speed. Many losses are paid where there really is no justifiable claim. Companies and agents are afraid of the consequences if they do not accede to the demands.

Honestly managed companies desire to

have their claims settled according to the terms of the contract, being fair and square in all particulars. Well regulated companies have no desire to take advantage of an assured. They should err on the part of liberality. At the same time there has been too much liberality and this has brought up the claim ratio or at least the expense of settling losses to too high a point.

Claim adjustments certainly should be put on a strictly business basis. We are hearing a lot about decreasing expenses these days and yet perhaps the biggest waste is in the loss adjusting end. It certainly behooves everybody interested to stop the leaks. Excessive liberality was a phase of the speculative era.

Are Able to Locate Worries

These are days when men are subjected to various adverse influences. Many people are in a state of solicitude, not knowing what the future will bring

forth. Others seem to be impregnated with the anxiety spirit and are looking for worries in all directions. They generally are able to find them.

PERSONAL SIDE OF BUSINESS

At the funeral of **E. J. Hicks**, Michigan state agent of the New York Underwriters at Detroit, the company was represented by Secretary R. L. Tanner from the home office, J. M. Clark, western executive special agent; S. T. Shotwell, Illinois special agent, and Special Agents H. M. Grosvenor and C. A. Morhard of Michigan.

R. H. West, Jr., general manager of the live stock department of the Hartford Fire with headquarters in Hartford, has been commissioned a Kentucky colonel by Governor Laffoon. Mr. West spends part of his time in Cincinnati and also has a farm in Kentucky.

A. C. ("Ike") Thornton, widely known insurance broker and former fire company manager, was instantly killed in South San Francisco when the automobile which he was driving was struck by a Southern Pacific train. Mr. Thornton gained considerable fame as the associate editor and later editor of "The California Knapsack," a little journal specially prepared for the annual banquets of the Fire Underwriters Association of the Pacific in which members, their foibles and fancies and the business generally were dwelt upon in a whimsical and satirical manner. Mr. Thornton was admitted to membership in the association in 1898, becoming a life member in 1923. He was Pacific Coast manager of the Prussian National until 1914, when he entered the brokerage business.

Walter E. Atwater, Milwaukee, state agent of the Caledonian in Wisconsin, is reported as making favorable progress in recovering from several recent operations. Mr. Atwater was one of the founders of the Blue Goose and is widely known.

H. I. Norton, 73, in the insurance business in Bennington, Vt., for nearly half a century, died there last week, his death being preceded only a few hours by that of his wife.

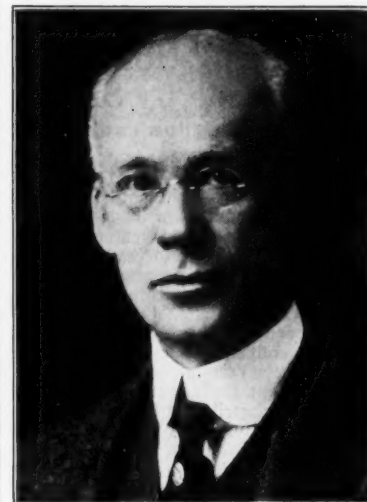
At an early age he entered the insurance office of John V. Hall, which business he later acquired, and was active until a few months ago, when illness compelled his retirement. He had served as president of the Vermont Association of Insurance Agents.

A. A. Mosher, president of the Merchants Fire of New York, who was taken ill while on an agency trip to the Pacific Coast and compelled to undergo an operation for appendicitis in a Los Angeles hospital, has so far recovered as to be able to proceed to San Francisco, en route home.

Reg W. Reynolds of Fremont, Neb., well known insurance man, was seriously injured May 12 in an automobile accident three miles east of his city. He is confined to his house and it will be some time before he can get about. His car struck a rut in a soft gravel road, resulting in the car being thrown on one side and completely overturned. It caught fire and was completely destroyed. Mr. Reynolds was extricated from the car before he was harmed by the fire. However, he suffered severe injuries.

Field men of the companies in the Hansbrough & Carter agency, Winchester, Va., were hosts at a dinner there in honor of **Shirley Carter**, head of the agency, who is celebrating 50 years of continuous service with it. The agency was organized in May, 1882. H. S. Nulton, state agent Fidelity & Guaranty Fire, was toastmaster, and presented Mr. Carter a handsome silver bowl as a gift from the company men. Four leading citizens of Winchester were guests of honor, among them former

Committeeman



EDWARD T. CAIRNS

E. T. Cairns of San Francisco, vice-president of the Fireman's Fund group, becomes a member of the executive committee of the Pacific Board. Mr. Cairns is a native of Hartford. He was connected with the Factory Insurance Association there as engineer and inspector and later joined the improved risk department of the North British & Mercantile. He rose in the ranks of the North British to an executive post. He joined the Fireman's Fund in 1922 as manager at Boston and was elected vice-president in 1927.

Governor H. F. Byrd. Another guest was C. H. Grim, who has been with the Hansbrough & Carter agency for 26 years.

Milo D. Bassett, retired manager of the Western Adjustment's Aberdeen, S. D., branch, died at his home there May 23. He had been in failing health for a number of years. Mr. Bassett was born in Fayette county, Mo., in 1873, and was educated in the public schools of that county and in Upper Iowa University, from which he graduated. His whole life had been spent in insurance, his first venture being in a local agency at Arlington, Ia., and later at Cedar Falls, Ia.

For 10 years he represented the Northwestern Fire & Marine and for a number of years supervised South Dakota for the North America.

In February, 1923, the Western Adjustment took over the Milo Adjustment Company, of which Mr. Bassett was the proprietor.

Charles Selvage, president Charles Selvage Company, fire insurance adjusters, died at his home on Monday in East Orange, N. J., in his 79th year. Mr. Selvage was well known in fire insurance circles and had been in the business for 60 years, having founded the company which bore his name in 1905.

He was considered an authority on insurance matters and went to San Francisco after the earthquake to make adjustments and he did his work so well that 18 companies asked him to take care of their business while he was on the coast. He is survived by two sons, I. Lester Selvage and Norman Selvage, both of whom are officials of their father's company.

A. Gordon Sulzer, prominent local agent of Maysville, Ky., was elected grand commander of the Knights Templar of Kentucky.

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of satisfactory service
to agents and policyholders

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COMPANIES



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All members of the American Association of Insurance General Agents are **true** General Agents. That is, their duties are purely supervisory and they do **not** compete with local agents by doing business direct.

Genuine General Agents serve both companies and agents.

Their remuneration is based wholly on the amount of good business they handle. General Agents perform duties which must

be cared for and do this so advantageously and at so small a charge that the cost of insurance is not at all increased. General Agents develop territory at a low cost for companies and relieve the Home Office of details. They turn over to companies a profitable class of business on which they are responsible for collections.

Local Agents receive rapid "close-by" service from their General Agent who is always ready to help in closing any difficult business.

The Genuine General Agents whose names are listed opposite will be glad to give all information regarding the General Agency plan to either companies or local agents.

THESE GENERAL AGENTS DO NOT COMPETE WITH LOCAL AGENTS

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A. H. TURNER

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ARKANSAS

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COATES & RAINES, INC.

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TREZEVANT & COCHRAN

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COLORADO

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REYNOLDS BROTHERS

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G. L. RAMEY AGENCY, INC.

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KANSAS

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THESE GENERAL AGENTS ARE IN EFFECT HOME OFFICES IN THEIR TERRITORY

FIRE INSURANCE NEWS BY STATES

OHIO AND WEST VIRGINIA

Gives Advice on Collections

State Agent Hanowell of the Merchants Fire of Denver Writes Letter to Agents

State Agent J. E. Hanowell of the Merchants Fire of Denver in Ohio in a letter to his agents makes some comments on collections and the extension of credit. He said in part:

"One of the lessons learned, that stands out more prominently than any other is that an insurance agent can not assume the position in his community occupied by the banker. Financing is the business of a bank. No insurance agent can extend unlimited credit and survive. The commission earned in our business is not sufficient for that purpose. You can not load your premiums for an extension of credit. Consequently you are sacrificing your commissions when you extend credit to your assureds beyond the time given you by your company in which to pay your balances. You can not afford to give credit for a longer time.

Too Long Credit Extended

"Extension of credit by agents has reached the point when it has become a menace to the business, causing a severe loss to both agents and companies. The time will come and it is not far distant, when credit for insurance premiums will be limited to a fixed number of days. I have advocated this rule for the past 10 years, and I hope to live long enough to see it in practice.

"The purpose of this letter is not to tell you what you already know, but it is written with the idea in view of securing your cooperation. It is simply a review of one of the worst evils that confronts us. Let us start the new year by cleaning house. Let us resolve to place our business on a paying basis. Let us make it plain to our assureds that we are not bankers. Let us have them to understand that a premium is due on a given date, and must be paid, not expected only. Let us exercise the cancellation route for non-payment of premiums more liberally than in the past, thus eliminating the earned premium curse which has caused more

agency failures than we realize. Unless you do this, you are going to find yourself in a similar condition, as in 1931. You have been trying in years gone by to run a credit business, in competition with credit houses in your community, but you lack a credit collecting system, and what is more, you can not afford one.

"In my opinion conditions will not adjust themselves in 1932. The aftermath in this year will be worse and more keenly felt by the agents throughout the country, than were the actual conditions in 1931. Unless we build our fences now we are going to find ourselves in an undesirable condition."

Opens Life Department

Albert W. Shell & Co. of Cincinnati has established a life department and has taken the Northwestern National Life as its company. J. C. Johnson, who has been connected with the Northwestern National Life, Cincinnati branch since October, 1930, will assist the Shell agency in the organization of its new department and training agents. The Shell office was founded in 1877. West Shell is now president. The Northwestern National Life is already represented in Cincinnati by its branch office with J. B. Kenna as manager and the W. E. Lord agency.

Results of Ohio Inspections

At the inspection held a few days ago at Painesville, O., 127 properties were inspected, 111 were criticized and 418 recommendations were made. At Napoleon, 152 inspections were made, 136 risks were criticized and 579 recommendations were made. Harry Rogers, fire clown, addressed 240 persons at the luncheon.

Ohio Notes

At North Canton, O., C. R. McFadden has taken over the interest of C. R. Geidlinger in their agency.

The Canton Agency, Canton, O., has been incorporated by B. W. Sebring, J. L. Kelly and D. S. Wilkins.

Edward A. Winter, Ohio state agent of the National Liberty, has been elected a director of the Cincinnati Automobile Club. Mr. Winter served as a member of this board for several years until about four years ago.

CENTRAL WESTERN STATES

State Banks Can't Be Agents

Attorney General of Illinois Says Institutions Lack Charter Power to Act as Agent

Attorney-General Carlstrom of Illinois has delivered the opinion, in answer to an inquiry from State Auditor Nelson, that a state banking corporation has no charter right to act as an agent for an insurance company.

Why the Inquiry

Mr. Nelson asked for the opinion in view of the fact that the Illinois insurance department has issued a ruling that under the new agents and brokers qualification acts, a license will be issued to a state bank to do the business of an insurance agent or broker.

The banking act itself, according to Mr. Carlstrom, does not give the banking corporation any right nor any express power to act as an agent for an insurance company. If a bank, he added,

has a right to act as such agent, it must necessarily be based upon some express power as an incident thereto in the performance of that express power. An incidental power of a corporation is based primarily upon necessity.

"Although it is convenient at times for a bank to be an agent of an insurance company," the attorney-general said, "so that additional security might be had to safeguard the loans of such bank, such convenience is too far removed from necessity to be construed an incidental power of the bank to exercise its express power to loan money on personal and real estate security.

"I can conceive of no connection between the doings of an insurance agency business and the business of discount and deposit, or the business of buying and selling exchange or the business of general banking."

As a result of this ruling state banks in Illinois will probably divorce themselves from all insurance operations. Although state banks are without charter powers to engage in the insurance business, under a recent ruling of the

insurance department, national banks in towns of less than 5,000 will be licensed.

Small Vessels Offer Wide Field

DETROIT, May 25.—The underwriting of marine insurance on small vessels offers a wide field for development along the Great Lakes, W. J. Ross, Michigan marine state agent for Appleton & Cox, told the Detroit Association of Insurance Agents at its May meeting. There are four distinct classes of vessels of this type, he stated—sea-going yachts, cruisers, speed boats and sailing yachts, ranging in value from about \$700 to several hundred thousand, and sometimes a million.

America Fore Club Meets

Ray Cavanagh, home office chief engineer of the turbine department of the Fidelity & Casualty, spoke at the May meeting of the America Fore Club in Indianapolis Monday. He had with him a full equipment of inspecting instruments and demonstrated their use in inspecting a turbine engine. The club is composed of field men of the America Fore group and about 20 were present. Ezra Armstrong of Armstrong & Son, Lebanon, Ind., was presented with a 25-year service pin by the Fidelity & Casualty. Another F. & C. 25-year veteran, Ward Painter of Middletown, died last week. E. L. Stephenson, resident manager of the company, took the service pin to Mr. Painter at the hospital a few days before his death.

Floater Is Outlawed

LANSING, MICH., May 25.—Michigan department officials have challenged one company for using a personal property floater form in this state without departmental authority. The form in question has never been approved and,

in fact, cannot be accepted by the department under existing statutory limitations. The attorney general's department, it was explained, has held that the floater includes purely casualty lines and cannot be legally used by a fire company. Burglary and theft coverage are specified in the form, two lines reserved for casualty companies under the Michigan law. It is anticipated that the challenged company which is discontinuing use of the floater immediately will transfer any such business to its casualty running-mate.

Central States Enters Michigan

The Central States Fire of Wichita has entered Michigan. The A. J. Holstein General Agency of Detroit will have supervision of the entire state.

Evening Meetings at Lansing

LANSING, MICH., May 25.—Evening meetings of the Lansing Association of Insurance Agents are in prospect for the summer. Everts Rouse, president, said that the evening schedule, recently tried out, is bringing out a larger attendance than the former luncheon sessions and that it is entirely probable that the new plan will be continued. The press of business during the middle of the day, the many luncheon engagements, and the expense of a hotel luncheon for some of the smaller agents who are economizing drastically are all potent arguments against the mid-day meeting, Mr. Rouse says.

Wallace Candidacy Boosted

R. L. Wallace, special agent in southern Illinois for the America Fore group, is being sponsored by his friends for membership on the executive committee of the Illinois Fire Underwriters Association.

IN THE MISSOURI VALLEY

Iowa Official Strikes at Rumors

Commissioner Clark Notifies Companies That Destructive Gossip Must Cease in That State

Insurance Commissioner Clark of Iowa has taken up the cudgels against those passing rumors around regarding companies. He says in a letter to home offices:

"My attention is being called constantly to statements made by various insurance companies' representatives derogatory to the financial condition of competing insurance companies. Such statements against other companies that are being made are as follows: 'Oh, that company is busted.' 'That company is full of rotten farms.' 'That company is a dangerous one to insure in.' 'That company is full of poor bonds.' 'That company has a lot of rotten stock.'

"The entire matter is getting very serious. It affects all of the companies. It shakes the faith of the insuring public in the insurance business. This department is sick and tired of all this kind of nonsense. Will you please notify your agents that as far as the Iowa department is concerned, if convincing proof is furnished it that a statement has been made such as above set out, or a statement made derogatory to the condition of other companies, the license of the agent making such statement will be cancelled at once. Drastic measures must be taken to stop this kind of propaganda. Your assistance will be greatly appreciated. Will you please send copy of this letter to each of your Iowa agents?"

Hold Kansas Regional Rallies

Leavenworth and Coffeyville Meetings on This Week—Two More at Colby and Pratt in June

The first of four one-day regional meetings of the Kansas Association of Insurance Agents is being held Thursday in Leavenworth. A similar meeting will be held in Coffeyville, May 27. Holmes Meade, vice-president and chairman of the executive committee, has charge of the Leavenworth meeting. Speakers include P. K. Walsh, vice-president National Security, Omaha; Commissioner Hobbs; T. S. Ridge of Kansas City, member of the executive committee of the National association; F. T. Priest of Wichita, Kansas national councillor, and D. T. Stover of Wichita, chairman of the membership committee of the Kansas association. C. K. Foote of Wichita, past president of the Kansas association, and L. B. Brown of the Wichita Insurers have charge of the Coffeyville meeting.

The final meetings will be held at Colby June 23 and at Pratt June 24.

Will Continue Student Contest

WICHITA, KAN., May 25.—The Central Kansas Field Men's Club of Wichita voted this week to continue the Fire Prevention Week student speaking contest which has been conducted the past two years. The Wichita Federation of Women's Clubs will sponsor the contest this year in cooperation with the field club, which will continue to award the prizes. The finals will be held at a meeting of the federation, which has a

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\$18,795,380.00

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\$ 600,000.00

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\$ 1,226,248.02

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\$ 1,000,000.00

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\$ 300,000.00

ORGANIZED 1888

\$ 511,958.09

CHARLES L. JACKMAN, President

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\$ 100,000.00

ORGANIZED 1905

\$ 137,264.60

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ORGANIZED 1852

\$ 4,967,756.04

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ORGANIZED 1874

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\$ 1,000,000.00

ORGANIZED 1909

\$ 1,814,648.30

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LOYAL TO PRINCIPLE -- TO LOYAL AGENTS, LOYAL

ST. PAUL FIRE and MARINE INSURANCE COMPANY

ST. PAUL, MINNESOTA

Special Statement, May 14, 1932

ASSETS

Bonds (at Market Value May 14th).....	\$17,308,352.69
Stocks (at Market Value May 14th).....	4,428,672.38
Home Office and Other Real Estate.....	1,180,326.43
Mortgage and Collateral Loans.....	2,057,856.59
Cash and Bank Deposits.....	709,524.22
Agents' Balances.....	2,127,618.70
Due from Re-insurance Co.'s Notes, etc.....	309,341.70
Accrued Interest.....	268,783.39
	\$28,390,476.10

LIABILITIES

Reserve for Unearned Premiums.....	\$10,565,417.79
Unadjusted Losses.....	1,425,354.84
Reserve for Taxes.....	280,000.00
Reserve for Unpaid Bills, etc.....	77,415.13
Special Reserve.....	326,927.41
Reserve for Adjustment Expense.....	80,000.00
Funds held under Reinsurance Treaties.....	338,591.51
Capital Stock.....	\$ 4,000,000.00
Net Surplus.....	11,296,769.42
	15,296,769.42
	\$28,390,476.10

The values of stocks of our subsidiary Companies are based on market values of their securities.

The "St. Paul" at market values now is as strong
as it was in 1928—with much less liability in force.

Established 1923

LINCOLN FIRE INSURANCE COMPANY OF NEW YORK

A strong and seasoned institution with a rugged honesty in conduct and service to its policy-holders and agents.

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Harry G. Casper
Associate Manager

Lawrence C. Larson
Superintendent of Agents

membership of more than 1,000 women, and will thus gain the active interest of the leading club women of the city. Two representatives of each of the four high schools and two from each of the two universities are permitted to enter the final contest.

Get Commercial Standard

The Campbell & Konering Insurance Agency, Railway Exchange building, St. Louis, has been appointed general agent in eastern Missouri for the Commercial Standard of Dallas, which recently entered Missouri.

Long Heads Hutchinson Board

Charles Long of the Kinkel-Long Agency was reelected president and R. P. Miller of the Carey Agency was appointed secretary-treasurer of the Hutchinson (Kan.) Insurance Board at its annual meeting this month. Directors chosen were C. S. Sherman, McNaghten Investment Co.; Bert E. Mitchner, Mitchner Investment Co.; Bert S. Berry, Charles Long and R. P. Miller. No meetings will be held during the summer.

Confer on Refund Checks

Commissioner Hobbs of Kansas conferred with Wichita agents last week in an effort to locate some 6,000 persons who were mailed checks in settlement of the Kansas rate litigation that were returned unclaimed. Approximately 10,000 checks totalling around \$20,000 are involved.

Missouri Association Meets

The annual meeting of the Missouri Fire Prevention Association will be held at the Kentwood Arms Hotel, Springfield, June 9, followed by the annual banquet in the evening.

Toor Made Chief Rater

L. S. Toor of St. Louis, has been appointed chief rater for the Missouri department, filling the vacancy caused by the death of Howard B. Allen several weeks ago. Mr. Toor has been with the Missouri Inspection Bureau in St. Louis for about ten years.

Motor Department Work Told

DES MOINES, May 25.—Wm. Stevens, manager state motor vehicle department, spoke at the Monday luncheon meeting of the Iowa Blue Goose. He described the work of the department and spoke of the traffic safety campaign which the department is putting on.

On account of Memorial Day, no meeting is to be held next week. A. H. Alexander, most loyal gander, announced that a joint meeting with the Casualty & Surety Club of Des Moines is to be held June 13 when Robert Colflesh, American Legion commander in

New President



PHILIP W. DOWNS

Philip W. Downs, head of the Downs Insurance Agency, Omaha, was elected president of the Nebraska Association of Insurance Agents last week, succeeding J. B. Hillers, Hastings.

Mr. Downs is 37 years old and graduated from Union College at Schenectady, N. Y., in 1917. He served in the navy air corps during the war and first became associated with the insurance business in 1919 with the old Wilcox-Burns Company of Omaha. In 1920 Mr. Downs started his own business. For the past three years he has served as vice-president of the Omaha Association of Insurance Agents.

Iowa and newly appointed United States district attorney in southern Iowa, will speak.

Davenport Adopts 30-Day Rule

The Davenport Fire Insurance Agents Association has decided to impose a limit of 30 days for payment of premiums. There will be no further meetings until September.

Missouri Notes

The Phister Insurance Company, Kansas City, Mo., has moved to the new Fidelity National Bank building, where it occupies the sixth floor.

The Ridge Agency, Kansas City, Mo., is moving from the Ridge Arcade building to the third floor of the new Fidelity National Bank building.

Announcement is made of the marriage of W. R. Wellman, with the Phoenix Insurance Agency of Ottumwa, Ia., for the past four years, to Miss Phyllis Price of Eldon, Ia.

STATES OF THE SOUTHWEST

Valued Policy Repeal Sought

Fort Worth Chamber of Commerce
Eager to Stamp Out Arson and
Lower the Rates

FORT WORTH, TEX., May 25.—A new fire insurance bill is sought by the Fort Worth chamber of commerce fire prevention committee to stamp out arson fires causing excessive fire losses for which Texas cities are paying high penalties.

The repeal of the valued policy act is favored. "Over-insurance," the committee declared, "is the cause for most of the arson fires, resulting in Fort Worth having to pay a 6 percent penalty on its fire insurance policies."

The new bill provides that no policy would be written until the value of the

property covered by the policy has been determined by the state board of insurance commissioners.

Officials Speak at Beaumont

BEAUMONT, TEX., May 25.—The Beaumont Insurance Exchange at its annual meeting was addressed by A. D. Langham of Houston, president Texas Association of Insurance Agents; R. S. Mauk, Texas fire insurance commissioner, and F. F. Ludolph, secretary San Antonio Insurance Exchange, who spoke on the "In and Out Rule of the San Antonio Exchange."

Appeal to Lubbock Agents

AMARILLO, TEX., May 25.—John K. Boyce, vice-president Texas Association of Insurance Agents, and Guy Saunders, chairman of the attendance

committee for the annual meeting of the association in Amarillo June 9-10, met with insurance men in Lubbock in the interest of obtaining a big attendance from the Lubbock territory. More than 6,500 letters have been sent out by Guy Saunders and his committee, urging a full attendance. Henry Thompson, who heads the entertainment committee, says that a west Texas barbecue, dance and golf tournament are among features planned for the visitors.

Award Prevention Prizes

AUSTIN, TEX., May 25.—The Texas fire insurance department has announced the winners in the annual fire prevention poster contest conducted in Texas schools. The first prizes of \$10 each were awarded as follows: Primary division, Cecil Ingram, Amarillo; intermediate, Frank Bolf, Floresville; high school, Mickey Cole, El Paso. Prizes totaling \$100 were donated by Cravens, Dargan & Co.

Want License Law Enforced

SAN ANTONIO, TEX., May 25.—Some Texas agents have indicated a desire to have the enforcement of the agents license law varied to meet their peculiar ideas—strict enforcement of some sections and lax enforcement of others.

The San Antonio Insurance Exchange has stood solidly against any such policy. It believes that the vast majority of the Texas agents desire a strict enforcement of the law. The exchange members appreciate the sincere efforts of the Texas insurance commission in the enforcement of the law and condemn any effort to secure a variation as to the enforcement of the different sections of the law.

Houston Loss Too High—Mauk

HOUSTON, TEX., May 25.—Insurance and business men here were warned by R. S. Mauk, fire insurance commissioner, either to reduce fire losses or expect to have the city's 12 percent credit withdrawn and a heavy penalty slapped on. Mr. Mauk, speaking at a meeting of the Houston Insurance Exchange, declared the city's losses for the first four months of the year were more than \$600,000 and this was too much to carry any credit for good fire records. Following his talk here, Commissioner Mauk went to Beaumont and addressed the insurance exchange in that city.

Oklahoma Notes

J. H. Macfarlane, secretary America Fore, spent several days last week in Oklahoma City.

The Oklahoma Insurance Women's Association held its annual picnic at Spring Lake, May 19, attended by approximately 25 guests.

Southwest Notes

The J. D. Buckalew Adjusting Company of Fort Worth, Tex., has opened a branch office in the Harvey-Snyder build-

Arkansas Head



W. E. SILLIMAN, Camden, Ark.

W. E. Silliman, well known local agent at Camden, Ark., was reelected president of the Arkansas Association of Insurance Agents at its annual meeting at Hot Springs.

ing, Wichita Falls, with C. W. Childress, Jr., in charge.

The Johnson Insurance Agency, San Marcos, Tex., has been sold to the L. Davis Company agency there. D. C. Johnson, who has conducted the agency for more than five years, will be associated with the Davis company for a time.

Southern States Local News

King Loses Round in Tax Row

South Carolina Commissioner Restrained from Revoking Licenses of Hartford, Aetna and Home

Commissioner King of South Carolina has been restrained by the United States district court for the eastern district of South Carolina from revoking the licenses of the Aetna Fire, Hartford Fire and the Home for failure to pay a 1 percent tax on gross premiums collected in South Carolina under the law of June 16, 1931. This law imposed an additional 1 percent premium tax on foreign companies. Mr. King was ordered to show cause June 2 why an application for the companies for an interlocutory injunction should not be heard.

Although the statute provides for an

Select Your Company Carefully - - - -

KEEP these features in mind in choosing the Insurance Company writing policies for you:

- (1) **Responsibility**—select a company that writes modern policies of the highest protective character—a company that will stand behind you in rendering a satisfactory service to your customers.
- (2) **Co-operation**—select a company that understands the agent's problems—that will extend a hand of co-operation and help in building business for you.

In **Responsibility**, we are well financed; we realize the importance of serving an agent's customers promptly and fairly in the event of a loss; we write a full line of Fire and allied policies of only the highest protective character.

In **Co-operation**, our staff of officials have had many years of experience in Agency work and therefore understand fully Agent's problems; we are capable and willing as a company and individuals to do our utmost in serving agents and their customers in any capacity requested.

Organized and managed by R. B. Jones & Sons, Kansas City, Chicago

Kansas City Fire and Marine Insurance Company

Chicago, Ill.
Insurance Exchange

Kansas City, Mo.
Federal Reserve Bank Bldg.

ATTRACTIVE PICTURES AND
SALES CAPTIONS
that help you sell more insurance

12

Send 10 cents today and get a sample of the NEW 1933 National Underwriter Insurance Calendar, A-1946 Insurance Exchange, Chicago.

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SUSSEX FIRE

INSURANCE COMPANY

50 Park Place
Cash Capital \$1,000,000.00

SAFETY SIDELIGHTS

reduce accidents by training the child

Inasmuch as any campaign for home safety involves children, the benefits accruing from such work are not restricted to the elimination of household accidents. The effect is more far-reaching, and the child, being impressionable, acquires safe habits in all things.

Therefore, when schools and local organizations sponsor a community home-safety drive they are really promoting a work which will eventually have its effect as well on safety in industry, in automobile operation and the multifarious other human activities which involve danger in more or less degree.

We urge insurance agents throughout the United States to initiate such campaigns.

Great American
Indemnity Company
CASUALTY **New York** SURETY



1794 1932

THE INSURANCE COMPANY
OF THE
STATE OF PENNSYLVANIA
PHILADELPHIA, PA.

Annual Statement January 1, 1932

Reserve for Unearned Premiums.....	\$2,082,507.62
Reserve for Losses, etc.....	678,921.47
Reserve for Security Values.....	1,500,000.00
CASH CAPITAL.....	1,000,000.00
NET SURPLUS.....	1,204,994.67

TOTAL ASSETS.....\$6,466,423.76

SURPLUS TO POLICYHOLDERS \$2,204,994.67

Acquire
THE "OLD STATE OF PENN"

additional 1 percent tax on total premiums collected in the state, the companies contend that the only power conferred upon the commissioner to collect taxes is under a section of the laws which permits deduction for return premiums.

Commissioner King insists that the additional premium tax be computed on the basis of gross premiums without deductions and informed the companies that he would take steps to revoke their licenses by May 15 if they did not pay the tax on this basis.

Law Against Over-Insurance Valid, But Claims Allowed

MEMPHIS, May 25.—Legality of the Tennessee statute prohibiting over-insurance of real estate was at issue in the trial here of the case of T. K. Riddick and M. G. Evans against the York-shire, Scottish Union & National, Niagara and Caledonian.

Chancellor DeHaven ruled that the act was constitutional, but allowed total claims of the plaintiffs, explaining that as the buildings in question were completely destroyed by fire, no estimate of actual damage could be made. Therefore, insurance should be paid on its face value.

The buildings, demolished by fire last June 8, were valued at \$36,546, it was claimed. The companies made no contest on payment of this amount, but claimed they should not be forced to pay the balance of the \$45,000 which policies called for.

Louisville Agent Indicted

LOUISVILLE, May 25.—Two indictments have been returned here against P. A. Weber, a non-board agent of Louisville, charging embezzlement of \$196 and \$206 in March in connection with policies alleged to have been issued in the Rhode Island at a time when Weber stood suspended as an agent, and when he had no authority to issue policies or collect premiums for that company.

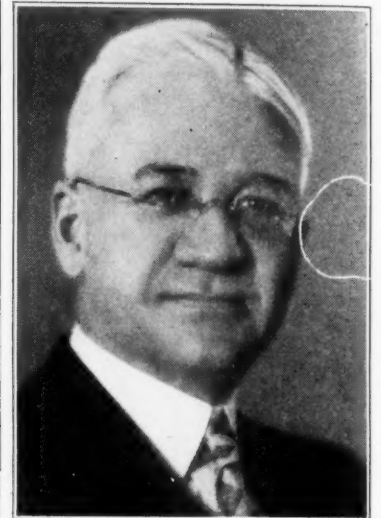
Kentucky Drive on Rebating

LOUISVILLE, May 25.—The Kentucky department is making a determined effort to block rebating in this state, as well as soliciting of insurance by unlicensed solicitors. Agents of the department are now in Louisville, investigating books of local agents to determine their status in such matters.

Hyre and Nurdyke to Speak

LOUISVILLE, May 25.—Leo E. Thieman, secretary of the Kentucky Association of Insurance Agents, reported that the program for the annual meeting in Louisville, June 16-17 is now

New President



W. W. CROOM, Mobile, Ala.

W. W. Croom of Mobile, new president of the Alabama Association of Insurance Agents, is a member of Croom & Tonsmeire, well known local agents. He is former chairman of the executive committee of the Alabama association.

complete, with the addition of two speakers to discuss fidelity, surety and casualty:

C. T. Hyre, superintendent fidelity and surety department of the Fidelity & Casualty, Louisville, and Karl L. Nurdyke, manager casualty department of the Travelers at Louisville, are the additional speakers.

Opens Princeton, Ky., Branch

LOUISVILLE, May 25.—J. H. Harrison, independent adjuster here, has opened a new branch office at Princeton, Ky., in charge of W. S. Rice, formerly state adjuster in Kentucky for the Home of New York, later with the Wilson-Krueger Adjustment Co., Denver, and more recently with the Western Adjustment at Paducah. Mr. Harrison has other western Kentucky offices at Paducah and Bowling Green.

North Carolina April Fire Loss

Commissioner Boney of North Carolina reports that total fire loss in his state in April was \$491,722 as compared with \$750,237 for April, 1931. During the first quarter of this year there was an increase of \$682,750 in fire loss over the first quarter of 1931, but 39 less fires.

ON THE PACIFIC COAST

Auto Club Service Explained

Regional Meetings Being Held in California to Acquaint Agents With National Automobile Club

The first of a series of meetings sponsored by the California Association of Insurance Agents and the National Automobile Club, to place before local agents of the state the enlarged scope of service and activities of the club, was held in Sacramento at noon May 24 with H. E. Manners, associate manager of the club, and Frank Colridge, executive secretary of the California association, as the principal speakers.

Similar meetings were held on Tuesday evening at Auburn with members of the Placer County Association; Wednesday noon at Marysville, Wednesday evening at Chico, Thursday noon with

the Glenn County Association at Willows and Thursday evening at Woodland with the Yolo County Association.

Meetings in the San Joaquin valley are to be held at noon June 1 at Modesto, that evening at Merced, Fresno at noon June 2 and Bakersfield that evening.

J. C. Dornin Heads Pacific Board Executive Committee

SAN FRANCISCO, May 25.—John C. Dornin, Pacific Coast manager of the Springfield Fire & Marine, was elected chairman of the executive committee of the Pacific Board at its organization meeting. He succeeds A. T. Bailey, who was advanced to president of the board at the annual meeting.

The new chairman has been active in board affairs for many years and has

served on practically every committee of the organization. The past year he was chairman of the farm committee, a member of the agency status committee and of the Idaho committee.

Guests at Oregon Meeting

Guests of the Oregon Insurance Agents Union at the convention held at Klamath Falls, were J. N. McCune, of the Oregon Insurance Rating Bureau of Portland; President P. S. W. Ramsden, California Association of Insurance Agents; C. B. White of Sparkman, McLean, Newell & White, Seattle; A. L. Merritt, coast manager America Fore, San Francisco; Lane Goodell, America Fore, Portland; J. E. Shelton, Oregon Motor Association, Portland; C. B. Ege, Fidelity & Casualty, San Francisco; A. F. Holden, Jr., Springfield Fire & Marine, Portland; G. J. Janes, L. & L. & G., Portland; C. H. Lum, National Board, San Francisco; H. H. Pomeroy, National Board, Portland.

Deviation Removal Approved

OLYMPIA, WASH., May 25.—Removal of the 30 percent rate deviations established five years ago by fire companies on certain classes of property in Washington cities of the sixth to 10th class has been authorized by the insurance department.

This action affects mercantile risks or Class A, B, C and D buildings in cities where the discounts have been in effect. Buildings in all cities having a net rate higher than \$3 a year per \$1,000 also will be affected. It was due to the increase in the loss ratio to 74 percent last year in Washington.

Davis Goes to Australia

SALT LAKE CITY, May 25.—C. S. Davis, automobile underwriter of the Heber J. Grant & Co. general agency here, will leave soon for Australia as a missionary for the Mormon church and will be away for two or three years. Mr. Davis will serve without pay. He is a native of Australia.

Childs Made Coast Manager

R. C. Childs has been appointed Pacific Coast manager at Los Angeles for the Commercial Standard Fire and Employers Casualty of Dallas, succeeding E. L. Mitchell, resigned. Mr. Childs has been in agency work in southern California for the past few years. He was at one time Los Angeles manager for the Home Accident of Little Rock, with which he was associated at the home office and Los Angeles for about 14 years.

Shoenhair Marine Manager

George J. Shoenhair, Jr., has been appointed manager at Los Angeles for the inland marine and ocean marine departments of Swett & Crawford. He was formerly with the marine department of the North America and before that with the marine department of Johnson & Higgins in southern California.

No Action on Rate Raise

SAN FRANCISCO, May 25.—No action on the proposed flat increase of 10 percent in the rate on unprotected properties was taken by the Pacific Board at its meeting May 19, although it is expected that the matter will come up for decision in the early future. At a meeting of the rules and rates committee of the board with representatives of the California Association of Insurance Agents last week, the agents took the position that if such a raise were found to be absolutely necessary, they would do everything they could to cooperate in seeing that association members were properly informed as to the reasons for the raise and would do everything possible in the way of cooperation. Present at the meeting representing the association were: Eugene Battles, chairman of the executive com-

mittee; Percy H. Goodwin, William Menn, Percy S. W. Ramsden, president, and Frank Colridge, executive secretary.

Discontinue Blue Goose Luncheons

The San Francisco Blue Goose has discontinued its luncheon meetings until fall. The annual meeting will be held June 27, when Bruce B. Smith, Aetna Fire, will undoubtedly be elected to succeed Ray Swearingen, America Fore, as most loyal gander.

Opens Automobile Department

Vernon C. Dargan, manager of the Gulf companies at Los Angeles, has announced the opening of an automobile department under the management of Prentice Hewett, well known automobile underwriter of Los Angeles. The group will write all lines of automobile insurance on a non-conference basis, with all business reporting through the Pacific Coast headquarters at Los Angeles.

Bonstin Gives Last Lecture

SAN FRANCISCO, May 25.—E. W. Bonstin, vice-president Pacific National Fire, gave the last of the series of lectures for associate members of the Fire Underwriters Association of the Pacific May 24 on "Expense of Conducting the Fire Insurance Business." It is planned to hold another series of lectures in the fall.

Goodwin to Be Main Speaker

Percy H. Goodwin of San Diego, Cal., former president National Association of Insurance Agents, will be the feature speaker at the annual meeting of the Washington Agents League at Seattle, July 21-22. The United Pacific Casualty will be the host to all present on a Victoria cruise. C. B. White is chairman of the convention committee.

Made Ocean Marine Agents

M. Thompson & Co., prominent insurance brokerage firm of San Francisco for the past 30 years, have been appointed ocean marine agents for the Connecticut Fire for California, Oregon, Washington and British Columbia. Purchase of the Sam Walthall agency of Oakland has also just been announced by Thompson & Co.

Mark M. Meherlin & Son, San Francisco brokers, have opened an office in Los Angeles to handle southern California business, in charge of J. G. Kuhrt, with Ed Polemann as assistant.

Mountain Field Activities

Local Agents' Service Told

Denver Association Sends Out Letter Following Up Chamber of Commerce "Buy at Home" Plea

DENVER, May 25.—In a letter to agents of the Rocky Mountain region, the Denver Association of Insurance Agents gives some of the inside facts which induced the Denver Chamber of Commerce to urge Denver citizens to buy their insurance exclusively from Denver agents.

The letter declares that the quality of insurance and the service rendered by agents of stock companies offsets the more attractive policy form and slightly reduced cost of insurance applicable to a limited class of risks bought from eastern brokers by some large Denver insureds.

Obviously the chamber could not reveal results of its investigations which led to its sweeping generalizations regarding the advantages to Denver as-



Fire Association of Philadelphia The Reliance Insurance Company Victory Insurance Company

OTHO E. LANE, President

JAMES G. MACONACHY, Vice-President

J. VICTOR HERD, Secretary

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DALLAS, TEXAS

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A monthly magazine for health and accident underwriters. \$2 a year.

Today

Buyers of insurance are demanding the best. Realizing this the Twin City Fire has developed until it is able to serve them completely and satisfactorily in all their insurance problems.

"Writing fire, tornado, farm, automobile, hail, tractor, aeroplane damage, customers' goods, fine arts, fur coats, jewelry, fur floater, parcel post, registered mail, tourists floater, annual transit, trip transit, neon signs, merchandise sold under contract."

TWIN CITY
Fire Insurance Company
Minneapolis Minnesota

sureds in buying their insurance at home, but some of these cases are exposed in the letter of the Denver association, particularly the experience of one Denver firm with a supposedly large reciprocal that retired from business. The letter says further in that connection:

One Firm's Experience Told

"In reviewing its comparatively disappointing experience with this reciprocal, the Denver firm at the same time has been reviewing its experience with insurance bought from Denver agents.



SPECIAL AGENTS ENGINEERS

Have your assureds buy direct from manufacturer and save money. Write for our special insurance agents' prices on. . .

UNDERWRITERS' INSPECTED
FIRE EXTINGUISHERS

The General Mfg. Co.
St. Louis, Mo.

Manufacturers of Fire Extinguishers, Fire Apparatus and Allied Products

INCORPORATED 1905

NEW YORK UNDERWRITERS INSURANCE COMPANY

CAPITAL \$2,000,000

A. & J. H. STODDART, General Agents

100 William Street - - - New York City

FIRE - AUTOMOBILE - WINDSTORM
BUSINESS INTERRUPTION INDEMNITY

Make your business trip
a big success...



Stop at the
MELBOURNE
HOTEL

ST. LOUIS LINDELL BOULEVARD
AT GRAND AVENUE

400
ROOMS
Each with \$2.⁵⁰
Bath from

O. P.
GREATHOUSE,
Manager

The manager of the firm has asked himself these questions:

"Who secured for his firm two reductions in its fire insurance cost?"

"Who was instantly in attendance at the time of two small fires?"

"Who dictated and dispatched telegrams to the reciprocal offices advising them of the fires?"

"Who suggested segregating certain items of furniture and fixtures under the term, 'Tenants Improvements,' which would thereby save the firm in its insurance cost?"

"Who drafted and several times revised the forms attached to its fire insurance policies?"

"Who is no further from his office than a minute's walk?"

Give Counsel on Other Lines

"Who has counseled and advised regarding miscellaneous types of insurance such as use and occupancy, riot, holdup, burglary, compensation, bonds, forgery, etc.?"

"Who has investigated with him the value of safes, alarm systems, watchman service?"

"Whose officers, employees and families are paying rent and taxes, buying homes, furniture, clothing and groceries, contributing to churches and charities, and supporting the business of the community?"

"The answer to every question is: 'Denver agents.'"

"The evidence in support of buying insurance from Denver agents is so overwhelming that this Denver firm has already replaced \$200,000 of its reciprocal insurance with Denver agents, and within 90 days proposes to place an additional \$300,000 insurance in Denver."

Advisory Committee Named to Consider Loss Problems

DENVER, May 25.—An advisory committee has been appointed here to consult with the management of the Fire Companies Adjustment Bureau, composed of E. M. Brewster, Standart, Main, Brewster, Inc.; W. L. Braerton, Braerton, Simonton, Brown, Inc.; C. A. Cashman, Cashman & Evans; Clarence Cobb, Cobb & Stebbins; J. D. Cummings, Daly General Agency, secretary of the committee; H. P. Giberson, general agent; Roy Harris, state agent Hartford; A. J. Lehwaldt, president Mountain Field Club, and H. A. Reynolds, state agent Home.

C. F. Wilson, supervising executive of the mountain department of the bureau, will be chairman of the committee, and George Webster, manager, will be vice-chairman. The committee will meet once a month to consult with the

bureau management on major problems of operation. It also will act in conjunction with the loss committee from the Mountain Field Club.

Farm Application Recommended

DENVER, May 25.—A new farm application form, recommended by the Mountain Field Club, has been forwarded to W. N. Achenbach of Chicago, president of the Farm Association, for consideration. The proposed application is a warranty, must be signed by the assured and agent, and is made a part of the policy contract, it is understood.

Pueblo Agent Enjoined

C. O. Chipman of Pueblo, Colo., has been enjoined from engaging directly or indirectly in the insurance business for a period of three years. The order also prohibits Chipman's wife from soliciting the renewals of any policies, the information as to the expiration of which she has obtained from her husband, and from holding herself out as the successor of her husband in the insurance business. Chipman in selling his business to F. R. Lanagan, H. P. Giberson and C. V. Rutledge, it was alleged, agreed that he would not engage directly or indirectly in the insurance business for three years.

Grievance Committee Reports

DENVER, May 25.—The grievance committee of the Denver Association of Insurance Agents reported a number of complaints regarding alleged illegitimate agents at the monthly luncheon meeting.

The case of a prominent corporation official, who it was alleged holds a broker's license and receives commissions on insurance written by other agents upon his property, was considered. The association authorized the committee to approach the official and enter its protest against the use of licenses by any except those legitimately engaged in the insurance business. President Steel reported that the insurance commissioner has been advised by the attorney general to issue licenses to all persons approved by the companies.

Bureau Establishes Branch

DENVER, May 25.—A branch office of the mountain department of the Fire Companies Adjustment Bureau will be established at Grand Junction, Colo. A man from the Denver office will be sent there to establish headquarters and will serve the western continental slope. A number of branch offices have already been established in southern Colorado and New Mexico.

EASTERN STATES ACTIVITIES

Newark Officers Relected

Hall Again Heads Underwriters Protective Association—C. W. Bailey and Neal Bassett Vice-Presidents

NEWARK, May 25.—W. A. Hall, Jr., who has been in fire insurance work for more than 30 years, was reelected president of the Underwriters Protective Association of Newark at the annual meeting. Other officers reelected are C. W. Bailey, president of the American of Newark, and Neal Bassett, president Firemen's group, vice-presidents; C. M. Henry, secretary-treasurer.

Those on Directorate

Directors include F. H. Walker, L. & L. & G.; A. H. F. Schumm, Essex Fire; A. D. Reeve, Northern Assurance; J. A. Proehl, National of Hartford; Robert O'Gorman, New York Underwriters; C. C. Lyon, Niagara Fire; H. O. Huth, Camden Fire; F. B. Heller, Glens Falls; R. E. Hartshorne, Aetna;

Llewellyn Freeman, Great American, and F. E. Benjamin, North America.

The organization which controls the Newark Salvage Corps, was organized in 1879.

Pennsylvania Mutuals' Meeting

The annual meeting of the Pennsylvania State Association of Mutual Fire Insurance Companies will be held at Greensburg, Pa., June 21-23. Guy C. Eaby of Lancaster is secretary-treasurer.

Report Made on Camden, N. J.

The National Fire Protection Association reports that the city officials of Camden, N. J., are anxious to improve fire fighting conditions. A building code commission of architects and builders has been appointed to draft a new building code. Fire losses, according to the engineers, have been much larger than the figures reported by the fire department, which has not kept complete records. Better investigation of fires is needed. The engineers say that other

needs are a fire prevention bureau, fire prevention code, drill school and drill tower.

Cancel in New Jersey Town

VINELAND, N. J., May 25.—Due to the fact that there have been a number of fires in Vineland, many of which are believed to have been incendiary, several fire companies have withdrawn from the town and it is reported that nearly all companies have threatened to cancel their policies unless some concerted action is taken by the officials and police to prevent any further activities on the part of the alleged firebugs.

New England News

New England Program Ready

Calhoun, Whitney, Hall and Allen to Speak at Meeting at Bretton Woods, N. H., July 5-7

BOSTON, May 25.—The program for the annual convention of New England agents, to be held at Bretton Woods, N. H. on July 5-7, has been arranged by the New England Advisory Board.

The convention will open Tuesday evening, July 5, with an informal get-together dinner, at which there will be no speaking. Wednesday morning will be heard the reports of Chairman T. C. Cheney of Morrisville, Vt., and Secretary W. S. Shaw. W. B. Calhoun, president of the National Association of Insurance Agents, will talk on "The National Association" and T. Alfred Fleming, conservation department National Board, on "Conservation in Its Relation to the Unemployment and Economic Reconstruction." A discussion period follows.

A. W. Whitney, associate general manager National Bureau of Casualty & Surety Underwriters, will speak on "What Conservation Means to the Agent" and John J. Hall, director street and highway safety division of the National Bureau, on "The National Bureau's Traffic Safety Program."

Chairman Cheney will preside at the banquet Wednesday evening and United States Senator George H. Moses of New Hampshire will talk on "Affairs at Washington." Commissioner John E. Sullivan and Governor J. C. Winant of New Hampshire will also speak.

Thursday morning E. M. Allen, president National Surety, will be the principal speaker. It is expected W. H. Bennett, secretary-counsel of the National association, will also be heard and announcement will be made later of other speakers. The afternoons, as usual, will be given over to entertainment.

Bay State Club Arranges to Study Loss Situation

BOSTON, May 25.—The Bay State Club, following an address by G. W. Lilly, manager Fire Companies Adjustment Bureau, created a special committee of seven to study the ramifications of the loss situation in Massachusetts. The committee was empowered to urge banks and mortgage associations to caution their members to make frequent inspections of property in which they are interested and which have been damaged by fire, to see that the insurance money has been put back

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Sumner Ballard of New York City, president of the International and head of a reinsurance syndicate, is secretary of the National Board. On the evening of the day the National Board meets in annual session Mr. Ballard acts as host at a dinner at his home to the distinguished executives who are members and other special guests.

into the property and repairs properly made; also to notify all companies that it is the committee's recommendation that adjusters be instructed to confer with local fire department officials before starting an adjustment and incorporate in the adjuster's report the statement of the fire department.

The public relations committee was instructed to notify all those interested that it was the club's recommendation that all loss payments throughout Massachusetts be held until maturity and all action possible taken to influence the adoption of this recommendation.

New England Field Changes

A. A. Cairns and G. H. Kemball have resigned as New England special agents of the Glens Falls and Glens Falls Underwriters and B. F. Freeman as special agent for the Globe & Rutgers.

Motor Insurance Events

Takes Issue with Comparison

Automobile Club of Missouri Says \$2 Road Side Service Nothing Like Club Features

President Roy F. Britton of the Inter-Insurance Exchange of the Automobile Club of Missouri states that a comparison printed last week of the automobile rates charged by the exchange with those of bureau companies, now that the exchange has increased its rates and reduced its dividends to policyholders, is misleading in some particulars.

In the article it was stated that for \$5,000/10,000 liability and \$5,000 property damage, owners of cars in the W classification in St. Louis now pay a gross rate of \$59 with a refund of 10 percent, making the net rate \$53.10 in the Automobile Club of Missouri, while members of the National Bureau of Casualty & Surety Underwriters charge \$61 for the same coverage.

Mr. Britton states that the bureau rate of \$61 is for public liability only, property damage being \$12 more, mak-

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THE insurance companies have played an important part in the nationwide campaign for safety on the highway. Preventing losses as well as paying them is a part of their business.

The John Hancock's contribution to the movement is a booklet, "CONTROL, The Golden Rule for Motorists," giving rules for safe driving; and a moving picture film, "WHY BE CARELESS," realistically portraying the hazards of the highway.

The booklet, "CONTROL," pocket size and fully illustrated, has been distributed throughout the country since its publication in 1926, through Chambers of Commerce, Automobile Clubs, Safety Councils and other organizations. A new edition to meet the demand is now in process.

The film, "WHY BE CARELESS," is usually shown by health officers to small groups in health centers and other semi-public places. It is also shown occasionally in motion picture theatres and to large audiences at fairs, exhibitions and the like. Since it was made at the close of 1929, it has been shown more than 1500 times to audiences totalling nearly two million.



We shall be glad to supply "Control" booklets to any members of the underwriting fraternity interested, or to arrange for the showing of the film.

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ing a total of \$73 as compared to the rate of \$59 of the exchange.

The article also stated that the agents of stock companies are now able to meet the competition of the exchange with the \$2 emergency road-side endorsement, as compared with \$12 dues in the automobile club. "There, of course, is no comparison between the service secured by the payment of \$2 and all of the services of the Automobile Club," Mr. Britton said, "which include (in addition to emergency road service of a much broader scope than that furnished by the insurance companies for \$2) travel, legal, safety, bail bonds, Missouri motor news, car forwarding, foreign travel service, membership in the American Automobile Association and \$1,000 accident insurance policy. In addition, members are contributing to the important work of the club in safety, sign posting, anti-theft legislation and good roads.

"The attempt to make it appear that \$12 is paid only for the privilege of securing insurance and road service is an obvious misrepresentation," he said.

May Have New Michigan Rates

NEW YORK, May 25.—Companies writing automobile insurance in Michigan, quiet report has it, will shortly issue new rates for fire, theft and collision coverages, along lines determined upon in recent conversations between company officials and representative agents of the state.

Consider New Auto Rates

AUSTIN, TEX., May 25.—Proposed changes in the automobile rates and regulations are to be considered by the Texas insurance commission at a public hearing here tomorrow. The board will consider the number of years of past experience upon which to base its decision. Amendments to the casualty manual on public liability and property damage rates on garages will also be considered. Other questions which will come up are the basis for figuring loss ratios on automobile fire, theft and collision and what should be included in the expense loading on fire and theft rates.

Held on Service Contract

SPOKANE, WASH., May 25.—The Northwest Auto Association was ordered by a jury in a Spokane court to pay W. F. Binge \$262 damages. Binge sued the association, from which he had previously purchased a service contract, after he paid damages sustained in an automobile accident. The salesman represented the contract as including liability and property damage insurance at a cost of \$29.50, whereas he was only paid attorney's fees.

**Canadian Field
Happenings****Robertson Retires From Post**

Resigns as Chairman of Canadian Fire Underwriters Association After 26 Years' Connection

TORONTO, May 25.—John A. Robertson, secretary of the Canadian Fire Underwriters Association from 1906, and its chairman in recent years, has just retired. Mr. Robertson's insurance

General Chairman**WALTER J. CHASE**

Walter J. Chase, general chairman Philadelphia Fire Underwriters Association in charge of the convention of the National Association of Insurance Agents, is a member of the firm of Brown, Crosby & Co. He traveled for 10 years for the Liverpool & London & Globe. In fact he started his insurance career 33 years ago in western Pennsylvania as a field man. He was a member of the party with John K. Payne, president of the Philadelphia Fire Underwriters Association, who flew to Los Angeles to the National convention last year to present the cause of Philadelphia for the 1932 meeting. On the way home from San Francisco the plane in which Mr. Chase and Mr. Payne were traveling had to make a forced landing near Hollidayberg, Pa., but neither were hurt. They made the trip by train. He has been active in the local organization since its beginning four years ago and is a member of the executive committee. He is a member of the original committee of seven which negotiated for the agents with the committee of the Eastern Underwriters Association. Mr. Chase is an advocate at all times of "peaceful negotiations" in dealing with companies.

career started with the Royal at Liverpool in 1877. He has been one of the prominent figures in the Canadian fire insurance world. Some years ago Mr. Robertson was succeeded as secretary by A. W. Goddard, but he has continued actively identified with it as chairman.

Canadian Tax on Reciprocals

OTTAWA, May 25.—Through a resolution passed in parliament the past week, the special tax on foreign mutuals and reciprocals is abandoned. The proposal had been 15 percent of gross premiums. Now, provided they are registered with either the Dominion or a provincial department by July 1, 1932, every mutual and reciprocal will pay 2 percent on net premiums.

Propose Deductible Hail Policy

EDMONTON, CAN., May 25.—Plans for a deductible hail policy in Alberta were placed before the agricultural committee of the legislature here recently by A. K. Olive of Regina, representing the Canadian Hail Underwriters Association. Hail insurance, he pointed out, is now unprofitable—hence the change proposed. Rates would be lower under the deductible clause. The companies desire to offer two alternatives this year—a 10 percent deductible policy with a 25 percent reduction in rates, and a 25 percent deductible policy with a 50 percent reduction in rates.

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New York Agents in 50th Year Meet

(CONTINUED FROM PAGE 3)

Motors advertising plan, and national in character while tying in with local conditions and using the names of local agents. The cost would be apportioned among agents and companies according to premiums written, and would be deducted for this purpose.

So seriously is this idea being considered, Mr. Dodge said, that the Insurance Executives Association and the National Bureau of Casualty & Surety Underwriters already have appointed committees to look into it and the National Association of Insurance Agents shortly will appoint such a committee. The public should be intelligently informed, he said, so that it will not regard rate increases and other company actions as being merely arbitrary, but will understand the reasons underlying them. It should be made to realize just what it is doing by neglecting proper insurance for its insurable values. The cost, if spread as suggested, would be so small as to be negligible, Mr. Dodge said.

Simplification of Schedules

A material step toward cutting out expenses resulting from schedule complexities shortly will go into effect in Erie county (except Buffalo) and in Westchester county, Lawrence Daw, manager New York Fire Insurance Rating Organization announced. Classifications are to be much simpler and more general. The rating managers have worked two years on evolving such a schedule, and after tests with 30,000 risks in this state outside New York City have produced an average rate which is practically coincident with the present one. They hope, Mr. Daw said, to extend the principle of simplification to the special hazard class, doing away with the multitudinous details of process and hazard.

Hall Tells of Posters

J. J. Hall, director street and highway safety division, National bureau, described the safety work that is being done in cooperation with the oil companies, American Legion and high school students. He said he secured cooperation of eight out of 15 oil companies he talked with about placing safety posters at their filling stations to be seen by motorists. Mr. Hall said he is to appear at the American Petroleum Institute's executive committee meeting June 1, as a result of which he hopes to obtain far wider distribution of the posters. He suggested that agents competing with mutuals point to the work the stock companies are doing through the National bureau in saving 7,500 children a year from death in auto accidents. Automobile manufacturers showed considerable interest in safety propaganda when it was pointed out that high insurance cost creates sales resistance.

Postal Telegraph Helping

Announcement was made of a plan whereby the Postal Telegraph Company would give its display windows to a series of insurance posters for 12 weeks, three weeks each being devoted to fire, casualty, life and the agents' services.

A proposal made by G. G. Kern, president New York City Fire Association, as means of dealing with branch office competition was turned over to the resolutions committee.

As has been its custom since 1924, the Excelsior Fire of Syracuse was again host at a complimentary luncheon for members and guests Tuesday. A surprise feature was the presentation to President F. V. Bruns of the Excelsior of a complimentary line of risks from 22 Rochester agents, none of them representing the Excelsior.

The association's 50th birthday was featured at the banquet Tuesday night by a large cake, which was carried into the darkened banquet hall with 50 candles burning.

Messages of congratulation were read

from W. B. Calhoun, president National association, and P. H. Goodwin, former president; J. D. Saint of Baton Rouge, manager Louisiana Insurance Society; M. G. Smith, Baton Rouge, national councillor for Louisiana, and Arthur Arnow, president General Broker Association of New York City.

F. J. Marshall, chairman committee on farm underwriting, reported that his committee's meeting with the companies' committee Tuesday afternoon resulted in the latter's assurance that they would take up the matter of lightning rod credits on farm property with their governing body and have an answer by July 11.

After discussion of two other points, revision of the farm inspection report blank and enforcement of an old rule that the tenant rate be applied to contract purchased farms, these were both considered by the agents' committee as being satisfactory and justified.

Rockwood Hosmer of Chicago, as president of the Illinois Association of Insurance Agents, brought greetings to the New York men. He enumerated some of the ties that bind the New York and Illinois agents. He said that the only two of the original organizers of the National Association of Insurance Agents at Chicago in 1896 from the states east of Ohio were from New York, those two being C. H. Woodworth of Buffalo and A. W. Harrington, Jr., of Troy.

The Illinois association now looks to the New York agents for leadership in many respects, Mr. Hosmer said. The membership campaign known as the New York plan, is a model, according to Mr. Hosmer. Both Illinois and New York, having large cities within their confines, are faced with the branch office problem. Both states now have qualification laws. Illinois was quick to support the New York agents in opposing the proposed automobile demerit plan, which Mr. Hosmer referred to as "abortive."

Outlines Investment Policy

Although the investment measures sponsored by the New York department were defeated at the last session of the legislature, Superintendent Van Schaick stated, in his talk before the New York agents, that he is still their strong advocate. He believes that the premium reserve and loss reserve funds of fire, casualty and marine companies should be restricted to the same type of securities now prescribed for life companies. These are trust funds, set up for the benefit of policyholders who are entitled to the same protection as is afforded to the holders of life policies, he said. Mr. Van Schaick asked the New York agents insistently to demand the enactment of such a requirement.

Mr. Van Schaick mentioned the agents' qualification law, which was passed at the last session of the legislature, and said that provision for written examinations for agents will place the business on a higher plane. It will emphasize the idea that an insurance agent owes an ethical and public duty and will test his knowledge of insurance law.

Agents and brokers today, he said, face more grueling competition than ever before. The agent who does well in competition is the one who keeps abreast of the times, knows the progressive changes in insurance law and keeps informed as to insurance practices and decisions, he said.

C. F. Miller, Rochester, who retires as secretary-treasurer, will remain as secretary-treasurer of the State Association Service, Inc., the association's premium financing organization.

Valuations Chief Cause of Concern

(CONTINUED FROM PAGE 3)

The suggestion has been advanced that funds to carry contracts to maturity and to take care of incurred losses

should be invested in government obligations.

While it is fair to assume that in view of enormous shrinkage in market values of many bonds and stocks, insurance companies will in future display marked preference for federal, state and well chosen municipal bonds than they have hitherto, it is borne in mind that too large a percentage of money tied up in such direction would not help particularly in developing industries of the country, such as is the case when funds are used to purchase the shares of utilities, and other industrial enterprises.

There is another feature in connection with the financial status of fire and casualty companies, the heavy equity each office has in its unearned premium reserve. While the major part of such fund may be called for by policyholders in the event of contract cancellation, anywhere from 35 to 45 percent would revert to the company, in that it includes expenses already paid in acquiring business.

Whatever method should be adopted by the commissioners at Chicago next month, the hope is voiced that it will be adopted by all of the states, and there will not be displayed the confusion that resulted from the various programs followed in making up the 1931 reports.

Incidentally, it is interesting to record the growing belief that the views of Commissioner H. P. Dunham of Connecticut will be given far greater attention at the June gathering than when the commissioners assembled to deal

with the same issue six months ago. Yet another conviction is that considerable legislation looking to governing investments of fire and casualty companies will make its appearance when state legislatures again convene.

While many and varied proposals have been advanced to explain and correct the economic and industrial depression, there is no dissent from the declaration that the most hampering present influence is the inability of Congress to agree on any definite course.

In the minds of underwriters, if the national legislators were to take a prolonged vacation, business interests soon would be able to dig the country out of the slough into which it fell two years ago and is still wallowing.

Blank Proofs Condemned

The governing committee of the Western Underwriters Association has sent a letter to all members of that organization requesting that the placing of blank proofs of loss or drafts in the hands of agents be discontinued. The resolution, adopted at the Asheville meeting of the Western Underwriters Association, is quoted: "Resolved, the placing of blank proofs of loss or drafts in the hands of agents is condemned as detrimental to the interests of the business as a whole and except as individual losses are duly reported and adjustment by agents authorized, the members of this association should discontinue the practice in its entirety."

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Charles F. Williams, President

Address

William C. Safford, Gen. Mgr.

The National Underwriter

May 26, 1932

CASUALTY AND SURETY SECTION

Page Thirty-seven

Bassett, Hoagland Complete a Deal

Commercial Casualty Takes Unexpired Liability of N. J. Fidelity & Plate Glass

SURETY LINES ARE LEFT

New Jersey Was Involved in Mortgage Guarantees with Federal Surety of Davenport

All business of the New Jersey Fidelity & Plate Glass except fidelity and surety was reinsured by the Commercial Casualty of the Firemen's of Newark group as of May 20. The Commercial Casualty does not assume losses on the business reinsured occurring prior to May 20. The classes reinsured are automobile liability, liability other than automobile, workmen's compensation, plate glass, burglary and theft, automobile property damage, automobile collision, property damage and collision other than automobile.

Agents of the New Jersey Fidelity & Plate Glass are invited to represent either the Commercial Casualty or the Metropolitan Casualty, which is also a member of the Firemen's group.

"If you do not accept the agency of one of the Loyalty group casualty companies," a statement signed by President S. C. Hoagland of the New Jersey Fidelity & Plate Glass advised agents, "and do not so wire Commercial Casualty insurance company, you are definitely instructed to cease writing any and all business for account of this company immediately upon receipt of this letter. In any event you are definitely instructed to immediately cease writing all fidelity and surety lines. In this connection it is proper to call to your attention that the Commercial Casualty does not reinsure any fidelity and/or surety liability of the New Jersey Fidelity & Plate Glass Insurance Company."

Letter from Bassett

Accompanying the announcement of Mr. Hoagland was a letter signed by Neal Bassett, chairman, and H. S. Landers, president of the Commercial Casualty, emphasizing that the Commercial does not assume liability for losses that occurred prior to 12:01 a. m., Standard Time, May 20, at the place of loss. "It does," the statement declares, "reinsure outstanding policy liability (not liability for existing claims or losses) on the classes named, and written by you for account of New Jersey Fidelity & Plate Glass prior or subsequent to May 20, and until you receive a license from the state as agent of a Loyalty group casualty company, provided you elect to represent one of our companies and so telegraph us. If you do not elect to represent one of our companies and do not telegraph us, then the reinsurance does not cover any liability assumed by you after receipt of this notice. For

Beha Answers Automobile Liability Rate Criticism

James A. Beha, general manager National Bureau of Casualty & Surety Underwriters, answered those who are objecting to the automobile liability rate increases in a paper which was read in his absence at the South Carolina Association of Insurance Agents' annual convention in Anderson, S. C., last week.

"In recent months," Mr. Beha said, "increased automobile rates have been introduced in a number of states. Some agency associations, and some agents as individuals have protested against these advances in rates and in certain cases have endeavored to induce state authorities to disapprove rate increases. These protests have usually not been based upon any contention that the rates were not justified by actual experience, but rather that the sales resistance set up by the announcement of these rates was too difficult for them to overcome. However, such action on the part of agents indicates that they do not fully understand the problem. They do not realize how serious the situation confronting the companies really is.

Reflection of Losses and Claims

"Automobile rates ought to come down instead of going up, provided always, however, that such rate decreases could be justified by the experience. But it is a wrong idea to undertake to prevent rate increases or to get rates reduced by bringing pressure upon the rate-making organizations, or upon state supervising authorities. Rates are not made arbitrarily and, therefore, can not arbitrarily be changed. The rates are the reflection of loss cost and claim cost actually experienced. In order to guard the companies against disaster, the bureau must be guided by the experience of its members and act according to the facts indicated by that experience.

"There is, however, a way in which we hope automobile rates may be reduced, and that is to get at the causes of the increased rates and remove these causes.

"It should be clear that no agent is

obvious reasons we believe that you will desire to represent a casualty company of the Loyalty group and we will immediately apply to your state insurance department for a license as agent of one of our companies, if we receive a telegram from you definitely advising that you desire to represent us.

"It is unnecessary," the statement continues, "for us to call to your attention the general advantages of representing one of the Loyalty group casualty companies, but we think it desirable from the point of view of your agency to call to your attention the special advantages of being able to continue to carry on without break your relationships with the assured as an authorized agent of the company carrying the assured's liability."

The statement declares that if the agent has heretofore been reporting his business to a branch office or general agency of the New Jersey Fidelity & Plate Glass, he will continue to do so re-

(CONTINUED ON PAGE 40)

serving the best interests of his clients by trying to protect them from increased insurance rates when by so doing the agent is undermining the stability and soundness of the companies upon whom his clients depend for their insurance protection. The time has come when the agent must give serious thought to the preservation of the company he represents. During 1931, on automobile liability alone, the stock companies operating in New York sustained an underwriting loss of over 15½ millions on their countrywide business. The underwriting loss on their countrywide workmen's compensation business was over 23 millions last year. This loss had nothing to do with depreciation of securities. It represents deficiency in premium on the one hand as compared with losses and expenses on the other. And yet some agents feel it their duty to oppose the companies in their efforts to obtain proper and adequate rates.

Can Company Pay?

"Don't think that the officers and managers of cut-rate companies are magicians who can pay you your commissions, pay your assured their losses and yet pay the legitimate expenses of operation, all out of premiums at cut rates. Insurance company graveyards, that is, the liquidation bureaus, tell a different story. It simply can't be done. When I insure I want to feel certain that my insurance company can pay when I have a loss. Otherwise, I would rather not insure at all. No one thinks of the premium paid, after a loss has occurred. The only consideration then is, 'can the company pay?'"

U.S.F.&G. Exposes Nail Eater's Strange Work

Through the activity of E. J. Ptacek, head of the claim department of the U. S. F. & G. in Chicago, the strange racket of Gerald Bodine of Chicago has been exposed and he is in custody. Bodine, under different names, had been making claims against restaurants, dining cars on trains and insurance companies, asserting each time that he had swallowed a nail served to him with his food. He exhibited x-ray pictures of a nail in the tract.

He made a claim against the Raklio's restaurants of Chicago for \$45, the U. S. F. & G. carrying the liability risk. Mr. Ptacek consulted the records of the information bureau and discovered that several claims for nail eating had been made by persons having different names. He had collected \$45 from the Travelers under its policy covering the Woolworth stores in Chicago; \$75 from the New York Central railroad; \$50 from the Monon railroad, and also collected from the New Amsterdam Casualty under its insurance of Thompson's restaurants in Indianapolis. He also was paid for eating a nail in a Thompson's restaurant in Omaha.

Bodine was tried and sentenced for six months for getting money under false pretenses.

U.S. Casualty, New Amsterdam, Allies

Baltimore Company to Buy All Stock of New York Carrier

MORAY TO BE LOTT AID

U. S. Casualty to Preserve Its Identity, Moving to New Amsterdam's New York Building

NEW YORK, May 25.—Negotiations looking to the purchase of the United States Casualty by the New Amsterdam Casualty which have been in progress for several weeks, resulted in the definite tender by the latter company to purchase the entire outstanding 60,000 shares of stock of the United States Casualty, and for reinsuring the ultimate liability under contracts of insurance, reinsurance and indemnity.

The proposal was approved by directors of the United States Casualty yesterday, and will be formally passed upon by stockholders June 14. That it will be endorsed at the time there is no question, sufficient guarantees already having been received to that end.

Company Preserves Identity

The arrangement had previously been gone over with the insurance department. Under the intended program the United States casualty will continue as a distinct entity and will carry on with virtually its present office and field staffs.

The interest of the New Amsterdam in the United States Casualty will be represented by the election of Norman R. Moray as first vice-president and director, while several members of each of the associated companies are to be given places on the board of the other.

As soon as the lease of the United States Casualty on several floors at 80 Maiden Lane has expired, the head office will be transferred to the New Amsterdam's New York City building, 60 John street, thus effecting a considerable reduction in rental and permitting other administrative economies.

Moray Replaces Luckett

As first vice-president, Mr. Moray will replace D. G. Luckett resigned. While absent from the office for a number of years, the latter continued as an official until recently. Mr. Moray's particular function will be to direct business production, work for which his experience as vice-president of the Hartford Accident qualifies him. For some time past he has been associated with the New York branch of the New Amsterdam as assistant to President J. Arthur Nelson.

Apart from sustaining in common with all business corporations, a severe shrinkage in the market value of its securities during the past two years, the

(CONTINUED ON NEXT PAGE)

Agents, Company Men Hold Compensation Parley in N. Y.

BENNETT REPORTS RESULTS

Revision of Loss Item Makeup, Rates on Hourly Exposure Favored, He Tells N. Y. Agents

W. H. Bennett, secretary of the National Association of Insurance Agents, in his address before the annual meeting of the New York State Association of Local Agents, revealed that last week conferences as to the compensation business were held in New York, committees being on hand representing the National Association of Insurance Agents, National Bureau of Casualty & Surety Underwriters and National Association of Casualty & Surety Agents.

After three days, Mr. Bennett said, it was apparent that the conferences were but the beginning of the task. Other conferences must be held as soon as further information is gathered and compiled, he said.

Loss Column Revision

Mr. Bennett said that the plan which he has been advocating of designating the loss item as losses and taxes including claim expenses, was endorsed at the conferences. This method would give the public the true picture of the class of insurance, he said, and would relieve the business of the onus of any charge of excessive expenses.

Proposal for a graded scale of commission, he said, by which the ratio would be decreased on the larger risks was advanced at a former conference. It was again to the forefront last week, he declared. "Nearly two years ago," he declared, "our folks went on record as opposed to a sliding scale of commissions, because adoption of graduation on one line would establish a precedent dangerous to the accepted form of remuneration to agents on all lines."

Urges Hourly Basis

The system of payroll audits was under scrutiny at the conference. Mr. Bennett said that millions of dollars of premiums due have been withheld from companies through false payrolls. Mr. Bennett expressed the opinion that premiums should be collected not upon a payroll audit basis but upon hours of employment, which, he declared, is the true exposure hazard. "I think it imperative," he said, "not only to charge adequate rates, but to collect them."

Agents and company representatives agree that the compensation house must be put in order, he said. The companies are making no effort to obtain much profit on the business and they do not expect to recoup past losses. "I am in complete sympathy with their purpose to place compensation on a business basis which will pay legitimate losses, provide for reasonable expenses and produce a fair profit on invested capital," he said.

When adequate rates are established, the agent must employ his ingenuity and sales ability to service the business. He should exert his greatest efforts in accident prevention work and he should, as always, render aid in securing the promulgation of proper rates.

Halts Unauthorized Agents

PIERRE, S. D., May 25.—Through the efforts of Commissioner Horswill, R. D. O'Hare, head of a group working in the western part of this state, was bound over to circuit court on a charge of writing insurance in an unauthorized company, and three others were each fined \$10 on a charge of using insurance policies as premiums.

The group was soliciting subscriptions for an Omaha newspaper and giving with such subscriptions accident and health policies in the Continental Life of St. Louis which is not licensed in this state.

16 Million Cars Not Insured for P. L., Aetna Finds

Indicating that the prospects for automobile liability insurance are still abundant is the following table, based on state by state estimates of the Aetna Casualty showing the total number of uninsured cars in the country 16,723,522:

	Number of Cars Registered	Percent of Cars Insured	Number of Cars Not Insured
Alabama	239,170	14.5	204,490
Arizona	98,480	18.3	80,458
Arkansas	193,218	9.4	175,056
California	1,810,969	35.9	1,169,831
Colorado	276,847	13.2	240,303
Connecticut	279,830	56.1	122,845
Delaware	45,533	21.0	35,971
Dist. Col.	139,733	24.0	106,197
Florida	274,705	11.9	242,015
Georgia	294,461	14.4	252,059
Idaho	104,526	11.4	92,610
Illinois	1,430,676	29.0	1,015,780
Indiana	747,366	18.3	610,598
Iowa	706,196	22.5	547,302
Kansas	511,384	10.1	459,734
Kentucky	295,161	19.3	238,195
Louisiana	230,586	17.6	190,003
Maine	148,722	40.5	88,341
Maryland	283,870	21.7	222,270
Michigan	1,161,051	18.2	949,740
Minnesota	624,902	23.0	481,175
Mississippi	203,443	9.5	184,116
Missouri	670,145	17.8	559,859
Montana	109,549	11.3	97,170
Nebraska	367,587	18.4	299,951
Nevada	23,388	18.1	19,155
New Hampshire	93,155	48.0	48,441
New Jersey	719,696	52.2	322,424
New Mexico	70,450	7.1	65,448
New York	1,966,981	43.1	1,119,212
North Carolina	397,133	12.4	347,889
North Dakota	155,383	8.0	142,952
Ohio	1,555,093	21.9	1,214,528
Oklahoma	490,947	8.3	450,198
Oregon	234,766	25.7	174,431
Pennsylvania	1,534,834	30.7	1,063,649
Rhode Island	116,792	35.2	75,681
South Carolina	192,141	9.5	173,888
South Dakota	180,195	7.2	167,221
Tennessee	330,436	21.4	259,723
Texas	1,159,139	7.7	1,069,885
Utah	96,128	11.7	84,881
Vermont	78,398	43.3	44,452
Virginia	318,582	24.3	241,167
Washington	382,874	24.9	287,538
West Virginia	225,900	19.1	182,753
Wisconsin	677,452	30.3	472,184
Wyoming	51,579	7.4	47,762

U. S. Casualty, New Amsterdam, Allies

(CONT'D FROM PRECEDING PAGE)

United States Casualty suffered heavy losses upon its automobile bus writings, a class of risks it ceased accepting almost a year ago. More recently the company withdrew from all territory west of the Mississippi river, save for its agency in San Francisco. Noteworthy is the loyalty shown by the agency force during the entire period when rumors affecting the future of the United States Casualty were rife, not a single representative deserting its standard, all having confidence in the ability of "Uncle Edson" Lott, president of the company, to pilot the ship through.

The United States Casualty was organized in 1895, and the New Amsterdam Casualty in 1898. As of Dec. 31, 1931, the combined statements of the two companies, based on commissioners' convention values, were approximately: capital, \$5,250,000; surplus, \$3,600,000; premium reserve, \$8,700,000; claim reserve, \$13,300,000; other reserves, \$3,850,000; total assets, \$34,700,000.

Should additional funds be required for any reason they will be forthcoming.

Assurance that the United States Casualty will continue as a distinct entity in the field is welcome news to the business.

Gathering at Fargo, N. D.

A joint agency meeting of the Mutual Benefit Health & Accident and United Benefit Life of Omaha was held in Fargo. W. O. Hoogstraal and D. M. Brown from the home offices were speakers.

Program for Chicago Meet of Accident Managers Out

CONVENTION IS SET JUNE 9-11

Three-day Gathering Gives Promise of Many Valuable Discussions and Papers

The complete program for the Chicago annual convention of the National Association of Accident & Health Managers, June 9-11, was announced this week by President L. D. Edson of Chicago, accident department superintendent of the Zurich. The program is:

Address of Welcome, H. A. Behrens, president Continental Casualty, Chicago. "Destiny of the Local Club," address and discussion, J. P. Collins, vice-president National Casualty, past president National association.

"Must Underwriting Be Re-Learned?" address and discussion, E. A. Hauschild, assistant secretary Continental Casualty, author "Accident and Health Underwriters Guide."

"Facts on Lump Sum Expense Reimbursement," address and discussion, F. G. Burgoyne, assistant secretary Union Indemnity, secretary National association.

Friday Morning

"Revised Bureau Program," address and discussion, P. H. Rogers, assistant secretary Massachusetts Bonding.

"Legal Aspects of Policy Construction," address and discussion, R. F. Potter, Chicago, Cassels, Potter & Bentley, insurance counsel.

"Effects of Discontinuance of Disability Clause in Life Policies," address and discussion (speaker to be announced).

Friday Afternoon

"Accident and Health Sales Congress," address and discussion, C. G. Schillerstrom, Pittsburgh, manager Washington National.

"The Regional Conference," address and discussion, Michael O'Sullivan, Los Angeles club, manager Sunset Life.

"Message from California Clubs," California association, educational work, W. E. Leiby, president Los Angeles club, first vice-president National association.

Message from Northwest District, Seattle, Portland, northwest regional conference, W. D. Mead, manager Pacific Mutual Life, regional vice-president National association.

Entertainment Friday. 10 a. m.—Ladies—Excursion by private bus to world's fair buildings, planetarium, Shedd aquarium, etc.

12:30 p. m.—Ladies luncheon.

2 p. m.—Ladies, bridge, grand prizes, table prizes.

7:30 p. m.—Banquet, informal; vaudeville entertainment, followed by dancing.

Saturday Morning

"Agency Problems and Agency Building," address and discussion, Philadelphia club.

Reports of national officers, national committees, nominating committee, election of officers and adjournment.

May Have California Arbitrator

SAN FRANCISCO, May 25.—Appointment of an arbitrator to oversee compliance with provisions of the constitution was considered at a meeting of the California conference on casualty acquisition costs in San Francisco May 19. Another suggestion adopted contingent on unanimous approval of an effective date calls for an increase in the number of excess commission points from five to eight.

Opens Adjusting Office

O. W. Rolfe has opened an independent adjusting office in the Franklin Bank Bldg., 11th and Wisconsin Aves., Milwaukee. He will specialize in casualty adjustments. For the past seven years he was claim manager of the Underwriters Casualty of that city and prior to that was in charge of claims for the U. S., F. & G. in Wisconsin. He is well known to Wisconsin insurance men as a capable adjuster.

First Auto Policy Issued 30 Years Ago by Boston

June 2 will mark the 30th anniversary of the issuance of the first automobile insurance policy in the United States, the writing company being the Boston. In the absence of statutes covering this class of risks the line was written under a marine cover and was for "\$950 on two-seated surrey style single-cylinder French pattern, and \$50 on tools, implements and personal effects." The assured was a ship-owner who purchased a Stanley steamer car.

Chicago Glass Bureau Now Launched; Fiery President

The Cook County Plate Glass Service Bureau was formally launched at a meeting in Chicago Wednesday, E. I. Fiery, manager of the Royal Indemnity, being elected president. H. J. Slipner, assistant manager Bankers Indemnity, is vice-president; W. E. Tucker, manager Commercial and Metropolitan Casualty, treasurer.

Members of the executive committee are L. A. Kraft, vice-president New Century Casualty; J. J. Johnson, Fidelity & Casualty; Ogden Davidson, Massachusetts Bonding, and Chester M. Hayden, Glens Falls.

Thirty-three companies are members of the bureau.

The secretary, who will be a full time official, will be named by the executive committee.

Fidelity & Deposit Is to Use Actual Market Quotations

President C. R. Miller of the Fidelity & Deposit, who is notifying stockholders of a reduction in capital, states that its investments will be calculated on the June 30 market values in its semi-annual statement. He said:

"The board of directors deem it wise policy to place the company on June 30, 1932, on a capital and surplus basis at the then market value of investments rather than continue, if permitted, to carry the securities at a figure somewhat higher than the market value. Under the unparalleled conditions now existing it is recognized that market quotations on stocks and bonds are not fair standards of the true value, but the uncertainty as to when the upward trend will come suggests that the sounder course to adopt is present market values."

Prison Term for "Fake" Accident

PORTLAND, ORE., May 25.—M. M. May has been sentenced to eight months in jail on a federal charge of using the mails to defraud. May insured his automobile for liability and several months later wrote the company that he had an accident in Idaho, that C. A. Dole was injured and threatened suit. May asked the insurer to settle.

May was convicted on a state charge and sentenced to a year in prison, was removed to the insane hospital and was kept there for 20 months.

Ten Percent Auto Rate Cut

The G. A. Mavon & Co. agency of Chicago has announced in a bulletin to brokers that the Universal Automobile of Dallas is offering to write automobile liability at 10 percent off manual in Chicago, Chicago suburban and East Chicago territory. The bulletin states that this concession is being made in order to meet the competition of the General Accident and Union Indemnity, which are making a 10 percent reduction there. The Mavon agency is general agent for the Universal Automobile.

Responsibility of Agent Emphasized

Producer Under Moral Obligation to Replace Defaulted Insurance with Good

VIEW OF E. J. SCHOFIELD

Vice-President of the Globe Indemnity Delivers Realistic Address Before Vermont Agents

The address of E. J. Schofield, vice-president of the Globe Indemnity, before the spring meeting of the Vermont Association of Insurance Agents at Brattleboro was a realistic criticism of the business. Mr. Schofield said he differs with those who would have mention of present day conditions cease and eyes closed to facts so that "we may kid ourselves into believing that things are what they are not."

"To me," he said, "the first step toward the correction of any difficulty or condition is the accumulation of knowledge of the facts surrounding that problem. The second step is definite action calculated to correct and improve our status."

One of the great lessons of today is that the various divisions of insurance are inseparable in their effort for life and profit, he said. If prosperity visits one division, then a degree of prosperity comes to all. If adversity attacks one division, the effect is felt by all.

Future of Both Inseparable

The future of the agent is always linked inseparably to the future of his company and the reverse is true. The welfare and security of the insurance public is dependent upon the success of the agent and of the company selected. Cooperation between the various branches of the business is not a business sentiment but a business necessity, he said. The cure for the troubles of the agent and company lies entirely in joint and cooperative action based upon confidence and not in recriminations nor accusations.

Financial distress, if visited upon a company, he said, is equally as distressing to the agent as to the stockholder and management of the company.

The responsibility for the selection of the company is entirely that of the agent, he said. "The liability," he said, "which grows out of the selection of the company which you are to represent and recommend is inescapable."

Policy Is a Promise

"When your client purchases insurance from you," he said, "he buys merely a policy of insurance which is a promise. That promise is to fulfill an obligation at some time in the future. If it happens to be casualty insurance, that obligation may arise many years hence. It is essential to the interest of the buyer that the carrier and the agent from whom he purchases that protection shall be able to deliver when the date of delivery arises and when the time of obligation is at hand."

"It is apparent that your customer must either through himself or through you have a definite knowledge of the financial stability and future possibilities of his carrier. In the event that carrier defaults for any reason you cannot escape your liability as an agent to make good and to bear your share under those conditions. That may mean that it will be necessary for you to dig down into your own money and replace the defaulted insurance for good insurance."

(CONTINUED ON PAGE 42)

Several Auto Rule Changes Issued by National Bureau

RULE ON TRAILERS REVISED

Drive Other Cars, School, Camp and Hotel Bus Coverages Are Broadened

The National Bureau has announced a number of miscellaneous automobile rule changes effective Monday of this week.

The rates for fire apparatus used by municipal or state fire departments have been reduced by changing the commercial classification rates applicable to this class and equipment from class 1 to "medium" class 2.

Rules for drive other cars coverage, limited and broad forms, have been revised to permit the extension of coverage to any person, firm or organization, named in the policy, for the operation of certain automobiles by the individual named as the driver in the drive other cars coverage endorsement. As heretofore, the coverage that may be provided under these rules does not under any circumstances include coverage for the owners of the automobiles involved in the accident.

Limited Form Rate

The premium charge for the limited form drive other cars coverage has been reduced from 10 percent of the rate for the highest rated private passenger car covered by the policy to 5 percent of the text rate. There is no change in the rate for the broad form drive other cars coverage.

The rule relating to interurban truckmen has been eliminated from the manual by combining it with the rule now designated as "truckmen—local and long haul, expressmen, warehousemen or transfer companies." The new rule divides truckmen as two classes—local and long haul. The companies, according to the bureau, had unfavorable experience on trucking risks. The new rule, therefore, represents an endeavor to obtain a more adequate premium on this class. The operations of the modern truckmen, particularly the long haul truckmen or freight carrier, involve a hazard which underwriters generally have considered uninsurable at the premium previously provided by the manual. At a premium charge more consistent with the hazard of this class, the average trucking risk should be a more insurable proposition.

Hotel, Camp Buses

The description of operations of hotel and camp buses has been broadened to more completely cover the usual operations of this kind of equipment. There is no change in the rate for hotel and camp buses.

The coverage that may be afforded under a school bus policy has been extended to include coverage for the liability of the assured with respect to claims brought by guests of school children, students and teachers transported in connection with any school activity. There is no change in the rate.

The rule on trailers has been completely revised to keep pace with the problems confronting the companies in providing insurance at a reasonable and yet adequate premium on the modern commercial trailer. Because of the physical characteristics of trailers, such as overall lengths and load capacity, the commercial trailer today presents a serious underwriting problem. It is a fact that a substantial proportion of risks involving expensive commercial trailer operations have been considered uninsurable at the rate previously provided by the manual. If the underwriters are to accept this class they must obtain a premium commensurate with the hazard assumed. To deal with this problem the new rule establishes three classes of trailers, with graded rates,

Consolidation Proposal Now Officially Declared Off

EACH COMPANY TO GO ALONE

Independence Indemnity and Public Indemnity Will Not Carry Out the Merger Deal

PHILADELPHIA, May 25.—Now that it is known that the Public Indemnity of Newark, N. J., and the Independence Indemnity of this city will not get together, each company will travel along its own course. President A. L. Johnston of the Public Indemnity declares that it will continue under its present management with the exception that Vice-President and Secretary Willard L. Case, who has become president of the Independence Indemnity, will no longer be associated with the Public. The issue was definitely decided last week. It had been rumored that the merger would not be completed although announcement as to the consolidation was made some two months ago. President Johnston states that the Public Indemnity is in a sound financial condition. It is understood that it may be strengthened by further financing.

Will Strengthen Its Fences

The Independence Indemnity, which has grown to greater proportions with Carl M. Hansen as chairman of the board, will now shape up its plans to solidify itself in all directions.

The Independence Indemnity states that on May 13 it notified the Public Indemnity that it did not desire to carry out the merger proposition. A meeting was held Wednesday of last week when all bets were declared off.

NO INDEPENDENCE MEETING

PHILADELPHIA, May 25.—Lack of a quorum again caused postponement of the stockholders' meeting of Independence Indemnity, scheduled for yesterday, until June 6. No statement will be made on calling off of the deal with the Public Indemnity. There will be no changes in Independence line-up at least temporarily.

Maryland Casualty to Cut Its Capital to \$1,000,000

BALTIMORE, May 25.—Directors of the Maryland Casualty have approved a plan for reduction of the par value of the company's stock from \$10 to \$2 a share. As there are 500,000 shares outstanding, this will mean a reduction in the capital from \$5,000,000 to \$1,000,000. The difference will be transferred to surplus. A special meeting of stockholders has been called for June 14 to ratify the proposal.

The proposal of the Maryland Casualty is made for the same purpose as that of other companies that have recently announced like plans, that is to strengthen surplus so as to prepare the way to write down investment securities to the current market.

which are in direct proportion to the overall lengths and/or load capacity of the trailer. Class A trailers which correspond with the commercial trailer as operated in the early stages of the development of transportation by truck and trailer units, take rates substantially the same as under the old trailer rule; class B and class C trailers which represent the modern development of transportation by truck and trailer take graded rates, higher than the rates for class A trailers and varying according to the physical characteristics of the trailer and, therefore, reflecting directly the actual road hazard. The rule on tractors has been revised to conform with the new trailer rule.

Advocates Change in Rate Method

Actuary Tarbell of Travelers Urges Use of Long Term Basis

PRESENT SYSTEM FAULTY

Should Be Less Fluctuation of the Level —Proposed Plan Would Be Satisfactory

Recommendation that compensation rate levels be determined from a long term point of view was made by T. F. Tarbell, actuary in the casualty department of the Travelers, in his presidential address before the Casualty Actuarial Society in mid-year session at Hartford.

"So long as payroll is used as the unit of exposure," he said, "the loss ratio is bound to vary with industrial activity. A rate level which could be kept on a more or less even keel varying to reflect changes in benefits, waiting period and any clearly indicated general trend should work out satisfactorily to both companies and assured. Such a rate level would overcome the necessity of confronting the assured with a substantial rate increase during periods such as the present."

If rate levels were determined on the long term principle, the companies would be under moral obligation to conserve part of the profits during good business periods in anticipation of losses during declining periods, he remarked.

Exact Conformity Impossible

The experience and the prospective experience for the current year, he said, clearly demonstrate that if the rate level is such that companies cannot make a profit in prosperous years they cannot hope to avoid a substantial loss in lean years. He declared that the underwriting history of compensation suggests the futility of attempting to make rate levels exactly conform to the estimated current loss costs.

The public, according to Mr. Tarbell, seems to feel that in some mysterious way the companies are actually making underwriting profit. Little consideration is given to the need of companies for higher rates, especially in automobile liability, he said.

Misconception of the Coverage

Emphasis should be placed on the fact that the public by its attitude in presenting claims, serving as jurors, co-operating with the companies as assured in case of accident, actually determine the rates. "It is quite evident," he said, "that there is a growing conception that an automobile liability policy is a policy of accident insurance carried by the assured for the benefit of the third party and that an injured is entitled to indemnity regardless of fault or legal liability. This coupled with another misconception that an insurance company is an inexhaustible source of funds and that the insurance companies pay the losses rather than the insuring public has contributed materially to the sharp upward turn in loss costs in the past few years."

Mr. Tarbell said that the companies which had followed a conservative investment policy had suffered less depreciation in security values than those which have attempted to augment earnings or offset underwriting losses by investment profits. He said that a conservative investment policy is one having as its primary object conservation rather than the augmentation of profit.

Bassett, Hoagland Complete a Deal

(CONTINUED FROM PAGE 37)

port the business for account to the Loyalty group unless and until otherwise instructed.

The New Jersey Fidelity & Plate Glass was started in 1868 as the New Jersey Plate Glass. Prior to 1910 it wrote only plate glass and burglary. Then it started writing accident and health but in 1914 it reinsured that business in the Standard Accident and discontinued writing the class. In 1915 it started writing automobile liability and property damage.

The vice-presidents are V. E. H. Hoagland, I. P. Hoagland and H. G. Pilch. The vice-president, secretary and treasurer is W. D. Ward. Assistant secretary is H. S. Hayes and assistant treasurer is W. H. Saul.

As of Dec. 31, 1931, the New Jersey Fidelity & Plate Glass reported assets \$5,983,366; unearned premiums \$1,577,686; unpaid claims \$1,265,106; reserve for unpaid liability and compensation claims \$1,469,322; capital \$800,000; net surplus \$617,077; net premiums written \$3,199,264; losses incurred \$2,777,896; expenses incurred \$1,143,071; dividends to stockholders \$48,000; loss ratio 86.4 percent and expense ratio 35.7 percent.

Surety Results Bad

The New Jersey's surety experience was unfortunate, premiums being \$234,147 and losses \$1,392,857.

Announcement was not made of what disposition will be made of the fidelity and surety business or claims of the New Jersey Fidelity & Plate Glass or of the casualty claims before May 20. The New Jersey Fidelity & Plate Glass got into difficulty by guaranteeing the principal and interest of mortgage bonds. It has been operating twelve apartment hotels in Chicago, St. Louis, Louisville and Kansas City, on which the owners defaulted. Reinsurance of this business would seem to be unlikely, inasmuch as it would take years to work it out.

Most of the stock of the New Jersey is held by President Hoagland, who is 88 years of age, and his son, Vice-President V. E. H. Hoagland, and the two daughters of the late H. C. Hedden, who was secretary of the New Jersey. Because the stock was so closely held by these two families, the burden could not be spread out.

Negotiations for reinsurance were completed suddenly last Saturday and a corps of workers was busy most of Saturday night getting out the notices.

The New Jersey Fidelity & Plate Glass suffered in the failure of the Federal Surety of Davenport. The two companies were reinsurers on the mortgage risks and when the Federal Surety failed, the New Jersey Fidelity & Plate Glass was liable for the entire amount. The Federal Surety was carrying 60

NEWS OF THE COMPANIES

U. S. F. & G. to Reduce Capital Plan Merger of Affiliates

Cut from \$10,000,000 to \$2,000,000 Will Be Submitted to Stockholders June 6

A meeting of stockholders of the United States Fidelity & Guaranty has been called for June 6 to vote on a proposal to reduce capital from \$10,000,000 to \$2,000,000, the difference to be transferred to surplus. This will be accomplished by reducing the par value of the shares from \$10 to \$2. There are 1,000,000 shares outstanding of the 2,500,000 authorized shares.

"Since July, 1931," President E. Asbury Davis stated in the announcement to stockholders, "insurance companies, including life, fire, surety and casualty companies, have, with few exceptions carried in their financial statements their investment securities at valuations adopted by the National Convention of Insurance Commissioners, which valuations are approximately the market value as of June 30, 1931. Since that time there has been a considerable shrinkage in the market quotations upon such securities as this and other conservatively managed insurance companies carry in their investment portfolios.

"Although it is generally recognized that market quotations upon such securities at the present time do not constitute fair standards for the ascertainment of their true value, nevertheless it is desirable that your company be placed in the unassailable position of having a substantial surplus, even at present market values, low as they are."

The Greater City Surety & Indemnity of New York as of April 1 shows capital \$262,500, surplus \$105,957, security depreciation reserve \$50,000, assets \$626,871.

percent of the mortgage guarantees and the New Jersey Fidelity & Plate Glass 40 percent. When the Federal Surety failed, the New Jersey was responsible 100 percent.

Vice-President V. E. H. Hoagland, who has been operating head of the New Jersey for 10 years, was in Chicago for several weeks in an attempt to straighten out some of the properties in which the New Jersey became interested by reason of principal and interest guarantees.

The apartment hotels in which the New Jersey is interested are the Cumberland Apartments, Louisville; Berkshire, Kansas City; Pierre Chateau, St. Louis, and these in Chicago: Canterbury Towers, Blackwood, Fairhaven, Bedford Villa, Shore Manor, Chicago Arms, South Shore Apartments, Velmar and Blackstone Towers.

Some officials of the New Jersey be-

lieve that if the company is allowed to liquidate under its own steam, the mortgage guarantee obligations can be worked out by way of refinancing or by buying up the bonds at a low level.

Other surety undertakings of the New Jersey, including completion bonds on shipbuilding and depository bonds, have been unfortunate.

Winant Van Winkle, vice-president of the Commercial Casualty and Metropolitan Casualty, was in Chicago this week conferring with Manager W. E. Tucker of the Chicago office of those companies in connection with the assumption by the Commercial Casualty of the policy liability of the New Jersey Fidelity & Plate Glass except fidelity and surety. The Chicago branch of the New Jersey Fidelity & Plate Glass, under Manager A. D. Kuhns, will be operated for a time as a branch of the Commercial Casualty.

Roesch Makes Deposit

The first deposit of \$100,000 of the capital of the Surety Company of Amer-

ica, which has just been formed in New Jersey, has been made at Trenton by W. Eugene Roesch, one of the promoters of the new company. Mr. Roesch states that the company will not start to do business much before Jan. 1, due to the changing of agency contracts, transfer of licenses of the various agents that now represent the M. & S. Agency of Newark. The agency will continue to write bail bonds for the Public Indemnity as far as is known now.

Maryland Casualty on Bid Bond of Lowest D. C. Bidder

The lowest bidder on the Interstate Commerce Commission building, Department of Labor building and Auditorium building at Washington, D. C., was the Great Lakes Construction Company of Chicago. Its bid was \$8,846,000 and the next highest bidder was James Stewart & Co. of New York with \$9,081,000. The Maryland Casualty was on the bid bond. The award will probably be announced next week.

R. H. Beard & Co., of Chicago, is broker on the Great Lakes bond. The Beard agency and the Maryland Casualty also had the Great Lakes bond in connection with construction of the Detroit post office.

Capital Is Increased

BALTIMORE, May 25.—Insurance Certificates, Inc., of this city, has increased its capital from 1,180,000 shares common stock, no par value, to 1,500,000 shares common stock, no par value. This is one of the investment trusts which have just been acquired by Julius H. Barnes and his associates who have also come into control of the Constitution Indemnity, Lloyds Casualty, Detroit Fidelity & Surety.

Opens Chicago Branch

The Independence Indemnity announces the opening of a branch office at A-922 Insurance Exchange building, Chicago. This office will be temporarily in charge of William S. Cusick, executive special agent of the home office. Willard H. Love, resident claims manager for the past year in Chicago, will continue in that capacity.

The Independence with the opening of the branch will be in a position to render complete service to agents and brokers in the Chicago territory, including engineering and inspection.

Moore Made President

NEW YORK, May 25.—G. W. Moore of the Standard Surety & Casualty, was reelected president of the Association of Casualty & Surety Accountants & Statisticians at its annual meeting here today. F. Perryman of the Royal Indemnity was chosen vice-president and C. S. Vandereen, of the National Bureau, secretary-treasurer.

INDIANA INSURANCE COMPANY

A STOCK COMPANY CHARTERED 1851 OPERATING ONLY IN INDIANA

Capital, Surplus and Reserves for Protection of Policyholders over \$700,000.00

(Writing

AUTOMOBILE INSURANCE

All Lines in One Policy, including Full Coverage, 50/50 Retention or Deductible Collision

Claims Offices in Hammond, South Bend, Ft. Wayne, Marion, Evansville and Indianapolis

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HOW about
an agency
contract with
a Company
that will
help an
agent when
help is
needed?

REINSURANCE

PRESENTS A TWO-DECADE PICTURE
OF CONTRAST

IN 1912—OCCASIONALLY USED
IN 1932 —INDISPENSABLE

IT HAS ENABLED THE CARRIERS TO
MEET MODERN REQUIREMENTS

CASUALTY COMPANIES PROCURE
IT FROM

KANSAS CITY
NEW YORK
CHICAGO
LOS ANGELES

EMPLOYERS
REINSURANCE
CORPORATION

E. G. TRIMBLE, President



AUTOMOBILE INSURANCE

THAT

"PAYS"

AND MAKES FRIENDS FOR YOU

WHY TAKE A CHANCE!

Are you taking chances of losing your Business because the Service is not as prompt and claims are not settled as satisfactorily as they should be, or are the Rates for your territory too high? Whatever your Automobile Insurance problems may be, the "SUBURBAN" is in a position to help you retain your Business and assist you in the building of a profitable agency. Now, as never before, do Illinois agents have an opportunity to lay the foundation for a good and profitable Automobile Insurance Business with a Sound, Independent Stock Company, such as the "SUBURBAN."

POLICY HOLDERS SURPLUS \$252,670.00

It will pay reputable agents in Illinois to inquire if there is an opening in your Territory.

SUBURBAN AUTO INSURANCE CO.
LOMBARD, ILLINOIS

THERE IS PROFIT - - -

in a policy that's easily sold and easily renewed. Competitive rates and sound protection makes an Illinois Casualty contract valuable in ANY agency. Open territory is at times available for an A-1 agent.

WRITE
PAUL W. PICKERING
Secretary

**ILLINOIS CASUALTY
COMPANY**

(STOCK)

SPRINGFIELD

Exclusively Automobile Insurance

ILLINOIS - IOWA - MISSOURI - INDIANA - MICHIGAN

Responsibility of Agent Emphasized

(CONTINUED FROM PAGE 39)

ance. It may even mean, as has happened during the last few weeks to some agents, that you may have occasion to dig down and pay the actual losses in behalf of the carrier which you selected which for any reason may have failed to do so. Your failure to assume such responsibility will jeopardize, if it does not entirely eliminate the most precious thing contained in your business, namely, good will. Even the acceptance of financial responsibility cannot wholly wipe out from the mind of your customer the fact that your judgment was wrong in the original selection."

Responsibility as to Rates

The fact that there is a definite relationship and co-responsibility between agent and company in connection with rates has been emphasized recently, according to Mr. Schofield. The sale of insurance by an agent at rates less than those required to produce for the solvency of the carrier is as great a mistake as was the promulgation of those rates by the company itself. If any rate is to be adequate and reasonable, he pointed out, all factors which enter into the making of the rate must measure up to the standard of adequacy and reasonableness. The process of educating the public to a necessity for adequate rates is the joint undertaking of the company and the agent, he said. The agent must sell the public the proper facts and produce the proper mental attitude.

The question as to whether too much money is being spent by the sellers of insurance and the carriers in delivering protection has been the subject of great debate, he recalled. Every factor in the rate make-up has been a target of discussion. The company has had to defend expenditures at the home office, in the branches, but the agent must defend the largest item, that of commission.

Mr. Schofield expressed the belief that the agents will be called upon to explain and justify as adequate and reasonable the various sums paid to them in the form of commissions for agency service and underwriting advice.

Profound Explanation

"When that explanation is made," he said, "it will not be sufficient merely to say that the rate of commission as paid on any given line is the going rate or is the rate which has always applied to that particular line. It will be necessary to produce facts and figures which will demonstrate that the sum paid is either too great or too small."

Recent experience has proved that the agent and company cannot assume the role of counselor and carrier and likewise banker for the customer. The solvency of many agents has been seriously affected by the old credit method and likewise the solvency of some companies has been threatened, he said. The motto should now be, he said: "Cash or no carry." Never has there been a greater opportunity for reformation of credit practices in the business. Definite rules must be established in companies and agencies and must be vigorously and ruthlessly upheld. The difficulty, he said, in most agencies is lack of courage in application of those rules. One case after another is taken out of the general rule and created into an exception.

"If you wish to decide which agents

PERSONALS

M. W. Lewis, assistant manager of the Towner Rating Bureau, was among the speakers at the annual gathering of the New Hampshire Bankers Association. After telling of the different forms of surety coverages available to national, state and savings banks, Mr. Lewis conducted a round table discussion, answering numerous inquiries propounded by the bankers as to general underwriting practices.

John H. Mullin, general agent of the United States Casualty in Atlanta, died there after a week's illness. His health had not been good for a year.

Mr. Mullin had represented the United States Casualty since 1895. He was born in Boston and had been in Columbus, O., Fort Payne, Ala., and Chattanooga before going to Atlanta.

Mr. Mullin was a gifted singer and was very prominent in Masonic circles.

W. H. Hansmann, manager of the Illinois department of the Fidelity & Deposit, is spending a two weeks vacation by motor in Canada.

Mrs. Edna Fassett Sterling, wife of **Nelson D. Sterling**, vice-president of the National Union Indemnity of Pittsburgh, died suddenly at the family home in Germantown, Pa., Sunday night. Surviving, in addition to her husband, is a daughter, Marjory Sterling. Through attendance at conventions of casualty underwriters in company with her husband in past years, Mrs. Sterling was known to many of the insurance fraternity and was held by all in the highest esteem. Her musical accomplishments, wide general knowledge and charm of manner won and retained a host of friends, both within and beyond underwriting circles.

V. H. Bartholomew, Chicago manager of the New Amsterdam Casualty, led the first day's play in the Midlothian Country Club Derby at Chicago and was second in the final accounting. Mr. Bartholomew was publicized in proper style by word and picture. A picture of Mr. Bartholomew driving off was printed in the Chicago "Tribune," other players being in the background, including L. D. Stitt of Starkweather & Shepley.

and which companies are to survive the present crisis," he said, "you must go back of it all and inquire concerning the experience and the knowledge and the degree of courage in the management behind the business."

Toledo A. & H. Club Elects

Homer Bisch of the National Casualty was elected president of the Accident & Health Managers Club of Toledo at the annual meeting. Vice-president is Archie Baney of the Continental Casualty and secretary is J. D. Momeene of the National Casualty.

Members of the board of control are William Toepfer, Commercial Casualty; Frank Lippincott, American Casualty of Reading, and E. F. Burge, Continental Life. The officers and members of the board of control plan to attend the convention in Chicago. The Toledo club just completed its first year. Mr. Burge was the first president.

New Amsterdam
Casualty Company

Progressive Surety and Casualty Company

CHANGES IN CASUALTY FIELD

F. & C. Advances Christensen

Becomes Vice President—Lamar Hill,
C. E. Swan, W. H. Emes, T. E.
Sullivan Also Given Preferment

Frank A. Christensen has been advanced from assistant to the president to vice-president of the Fidelity & Casualty. Mr. Christensen has been with the America Fore organization since 1921. He served first as special agent for Connecticut and western Massachusetts. He has been an officer of the fire companies in the America Fore group for seven years.

Mr. Christensen was made assistant to Paul L. Haid, who was then president of the Fidelity & Casualty, and until he was made vice-president, he had been assistant to the new president of the Fidelity & Casualty, B. M. Culver. Mr. Christensen has also just been advanced from the position of secretary to that of vice-president of the fire companies in the America Fore organization.

At the same time Lamar Hill was designated vice-president and general counsel of the Fidelity & Casualty; C. E. Swan, treasurer, and W. H. Emes, auditor.

T. E. Sullivan, who has been assistant to Mr. Hill, has been designated counsel for the Fidelity & Casualty.

W. D. Dean, Vice-President Home Indemnity, Resigns

W. D. Dean has resigned as vice-president and secretary and head of the bonding department of the Home Indemnity. Mr. Dean was formerly in the engineering and construction business. He was attracted to insurance when his firm was used by the old Southern Surety to supervise the completion of some contract bond claims. He joined the Southern Surety and for several years was engaged in claim work and supervision of underwriting. In 1929 he was appointed head of the bond department at the head office in St. Louis and when the Home group took control he was made vice-president of both companies.

Feeney with Union Indemnity

J. F. Feeney, who was connected with the Constitution Indemnity in Chicago as bond manager until this week, has joined the Union Indemnity in its central department in Chicago as special representative for the development of fidelity and surety business. He is working under Hurd N. Douglass, with whom he was connected when Mr. Douglass was western manager for the Constitution Indemnity and before that when Mr. Douglass was assistant resident manager at Chicago for the Ocean Accident.

Chicago Branch to Move

The Chicago branch of the London & Lancashire Indemnity under Manager J. M. Fraser, which for five years has been located at 330 South Wells street, is preparing to move into the Insurance Exchange around June 15. Quarters are being prepared on the 20th floor in the annex. The Chicago branch has jurisdiction over Illinois, Wisconsin, northern Indiana and western Michigan.

Chicago Branches Merged

I. C. Faber announces that his connection with the Constitution Indemnity as field supervisor at Chicago has been terminated. J. F. Feeney, superintendent of the bond department at Chicago, has also been retired.

The operations of the Constitution Indemnity at Chicago are now in the

hands of T. J. McNally, western supervisor for the Lloyds Casualty, and R. L. Gueydan, manager of the western division for the Detroit Fidelity & Surety. The Detroit Fidelity & Surety is taking over the bond department of the Constitution Indemnity and the Lloyds Casualty is taking over the casualty department of the Constitution Indemnity.

Mr. Faber was formerly in the Illinois field for the Fire Association, but something over a year ago was transferred to the Constitution Indemnity.

Named Executive Special

J. B. Hall, who has been traveling in Illinois for the Indemnity of North America, has been made executive special agent in the west responsible to W. W. Meissel, agency superintendent at Chicago. Mr. Hall has been connected with the company for about three years.

George W. Dow, Illinois special agent for the Indemnity of North America, is back at work after recovering from injuries suffered several weeks ago in an automobile accident.

J. L. Patterson Is Manager

John L. Patterson has been appointed manager of the St. Louis branch office of the Massachusetts Bonding. He has been manager of the bond department of the Fidelity & Casualty in that city for six years and before that was with the Aetna Casualty for five years.

New Orleans Branch Sold

The New Orleans branch office of the Employers Casualty of Dallas has been sold to the Gregory-Hassinger Agency of that city and J. C. Claiborne, former manager transferred to Houston. Mr. Hassinger states the business will be rewritten in the companies in the Employers Liability group.

Joins Cravens, Dargan & Co.

Ben Harrison, for 20 years in the insurance business, eight years with the Southern Surety as assistant manager, and later with the same company on the Pacific Coast, has been named manager of the casualty department of Cravens, Dargan & Co., general agents at Houston, Tex.

Fieting Wisconsin Claim Manager

J. E. Rasmussen, resident vice-president in Wisconsin for the Independence Indemnity, announces the appointment of L. F. Fieting as claim manager for Wisconsin. He has been with the Independence for seven years with headquarters at Oshkosh.

C. F. Dieter, formerly with the branch office of the Massachusetts Bonding at Atlanta, as resident manager, is now assistant manager of the G. C. Eichlitz & Co. agency, San Antonio, Tex.

Mitchell Resists Mandamus

SAN FRANCISCO, May 25.—Commissioner Mitchell has filed an answer to the alternative writ of mandamus issued against him in the case of the California Inspection Rating Bureau, State Compensation Insurance Fund, et al. vs. Globe Indemnity and Rule & Sons, wherein the commissioner was ordered to set the case against the Globe and Rule & Sons for hearing or show cause why he had not done so. Violation of the minimum rate and anti-rebate laws of California was alleged. Commissioner Mitchell says that whether or not he shall hold such a hearing is within his discretion as commissioner; that an investigation was made through his subordinates and that as a result of that investigation he did not believe such hearing to be necessary. The case is now set for May 31.

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Fidelity-Surety
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Restrict Depository Business

**Companies Tighten Up in Oklahoma—
Banks Unable to Furnish Proper
Securities**

OKLAHOMA CITY, May 25.—The difficulty encountered by public officials who handle city, county or state monies in Oklahoma in obtaining adequate securities to protect their deposits, is causing surety companies to tighten up.

Many companies have curtailed writing this class of protection to such an extent that those companies who are still active, do not even consider them competitors, one agent said.

Great difficulty is encountered in getting banks, especially in smaller towns to supply acceptable collateral, and because of current conditions, the banks cannot supply depository bonds. The majority of companies who are writing this form of bond within the state, are demanding that banks pledge Liberty bonds as security for public funds, and will accept no other collateral.

Another hazard facing the companies is that public officials are prone to accept securities and to put them back in safety deposit boxes in the same bank. Companies are now demanding that separate banks must be used.

A precaution which is becoming imperative is that securities be maintained under joint control. If the bond is written on a county treasurer, then he shall hold the funds jointly with the county clerk or a county commissioner.

**Southern California Cost
Conference Starts June 1**

LOS ANGELES, May 25.—The southern California fidelity and surety acquisition cost conference will become operative June 1. Commissions adopted are: 20 percent on fidelity, surety and forgery, except the following: depository bonds, 15 percent, and all blanket bonds, including bankers', brokers' and building and loan blanket bonds, mercantile blanket and blanket position bonds, bankers' blanket and securities forgery, 10 percent. On all bonds expiring on or after June 1 which may be cancelled and rewritten prior to that date in the same or any other company, the commission or brokerage shall be that provided for business after June 1. In the event an agency contract exists not in conformity with the conference commission rules, such will automatically become null and void.

A special meeting of the conference was held today at which Edwin O. Edgerton, arbitrator for the northern California fidelity and surety acquisition cost conference was the principal speaker. He has been designated to act in the same capacity for the southern California conference.

Nebraska Taxi Rules Amended

LINCOLN, NEB., May 25.—The Nebraska railway commission has amended its rules to require that all bonds supplied by taxicab companies in the future must be furnished by surety companies meeting the requirements for bus lines, which include a surplus of \$300,000 and authority to transact business in Nebraska.

Forgery Losses Heavy

NEW YORK, May 25.—So marked had been the increase in forgeries that the police department here established a special division for dealing with this particular form of crime a year ago, and now representatives of the federal gov-

ernment are prepared actively to cooperate with it. While the combined loss experience of the surety companies with this form of indemnity last year is not available, the understanding is that the associated offices paid out approximately \$300,000 in 1930, under the combined coverage for checks issued and received, these losses being virtually 100 percent greater than in 1929. The established rate for the individual form bond is \$5 per \$1,000 for checks issued and \$10 per \$1,000 for checks received.

The Public Service Life, Health & Accident, mutual, is being formed in Seattle, Wash., by C. A. Magnuson, formerly of Denver.

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